

The departmental budget review reconvened on April 7, 2014 at 9:04 a.m., and proceeded as follows:

**Department of Finance**

Honorable Tim Bynum (*excused 1:49 p.m.*)  
Honorable Mason K. Chock, Sr.  
Honorable Gary L. Hooser  
Honorable Mel Rapozo  
Honorable JoAnn A. Yukimura (*present at 9:05 a.m.*)  
Honorable Jay Furfaro, Council Chair

Excused: Honorable Ross Kagawa

Chair Furfaro: *Aloha* and good morning, this is April 7<sup>th</sup> and I would like to call the meeting back to order which was recessed at this time. It is 9:04 a.m. and today's agenda puts us in the Department of Finance, with the departmental overview on Administration, Risk Management, Information Technology (IT), and I am going to allow IT to visit their CIP budget on the same day, so they are only here once. The Treasury Division. Real Property Assessment, Sally, it good to see you this morning. Thank you for your help last week. I would also like to talk in terms of collection accounts, Purchasing, and then the Motor Pool overview. We are planning to recess at 4:30 p.m. today. There is no one in the audience to give public testimony, so note and Steve, are you going to come up for the Administrative overview?

STEVEN A. HUNT, Director of Finance: Chair, Councilmembers, good morning, for the record Steve Hunt, Director of Finance. I am going to be presenting the Administration's Division as part of the overall department budget. They are somewhat intertwined because of our functions, but I will have individual numbers for the Administration side as well. I also have Mandi Swanson who will be doing a brief PowerPoint regarding what we have done on Risk Management to manage contracts and making sure that our insurance policies no longer lapse during the period of that contract.

The Department of Finance, the mission statement is to provide effective financial services to the people of Kaua'i and all that we serve by establishing and maintaining a financial system that can properly account for its activities. Successes and achievements. It is with extreme pride that I am here coming before you for the second time as the capacity of Director of Finance to address the Fiscal Year 2015 budget for the Department of Finance. I feel that this position has placed me on an exponential learning curve. Although I must admit there is still so much I have to learn about overseeing our County's finances. The Department of Finance is comprised of nine (9) separate Divisions and each Division has achieved a number of successes despite limited resources and financial constraints. The Department as a whole has not seen much growth, at least not significantly in numbers of employees in recent years. Yet the duties, tasks, and responsibility assigned to our Department have increased in proportion to the growth of other areas of County government, which requires support services from the Department of Finance. Our employees have worked together and leveraged technology to accomplish a number of noteworthy accomplishments. Within the last year, including, but not limited to the following: County of Kaua'i external auditor have issued an opinion that stated the County's financial statements are presented fairly in all material aspects with the financial position and relative changes in financial position to the County in conformity with the Generally Accepted Accounting Principles (GAAP). Findings issued by our external

auditors have become fewer on a year-to-year basis and are being addressed to assure that better management for our budgeting and accounting procedures for the future. The Budget Team in conjunction with various other County Departments was able to close out 139 projects in all types of special revenue funds including grants, from our accounting system during Fiscal Year 2013. The Budget Team Analysts created an executive summary and analysis of quarterly reports that summarizes budget to actual performance and provides insight on notable variances. This report augments Accounting's period closing reports that are sent to Council. Real Property Assessment was able to certify the assessment roll on February 20, 2014 which provides the Administration and Council the actual values and accurate property projections for the March 14<sup>th</sup> budget submittal. This certified list includes both higher home use exemptions and the new Home Preservation Limit on taxes which were approved for the 2014 assessments. A total 17,577 exemptions with an aggregate value of \$4.785 billion were either processed or administered for the Fiscal Year 2015. Real Property Assessment continues to improve the accuracy of assessments and achieved an average sales to assessment ratio of approximately 91% for improved residential properties, and 95% for vacant land during 2013. Real Property Assessments uses actual sales data as comparable, as well as for developing trends for modeling the future assessments. Real Property Collections reduced the outstanding back taxes by collecting \$1.163 million in back taxes, penalties, and interest owed. There are 42 properties on the May 7, 2014 foreclosure list with another...841,000 in moneys owed to the County. The Motor Vehicle Registration Division processed over 126,000 transactions in Fiscal Year 2013. In addition to registering trucks, vehicles, motorcycles for the public, all island car dealers and rental car companies, the Motor Vehicle Registration Division also issues bus passes, collects sewer payments, issues and collects solid waste tipping fees, coupons and payments, collects commercial refuse payments and registers bicycles and trailers. Motor Vehicle Registration is also responsible for assembling the cash receipts, as well as retaining the payment records. Remarkably all of this has been done with a staff of only ten (10) employees which explains why there are often long customer lines at Motor Vehicle Registration. Driver's Licensing administered the legal presence program during Fiscal Year 2013 and has been enforcing the Federally-mandated Real ID Act. These new programs require significant increase in the types of legal identification required before Driver's Licensing can issue a State Driver's License or a State identification card. The latter of which became the County's function in January, 2013. Both customers and staff have had to adapt to these more rigorous licensing and identification requirements. While the number of licensed drivers on Kaua'i has not grown significantly in recent years, currently at 52,988 licensed drivers, the processing time for validating the applicant's legal identification has lengthened substantially to meet State and Federal requirements. ePlan Review, a paperless plan review process initiated by IT that spans various County agencies and the State Department of Health, was successfully launched in Fiscal Year 2013 and has expanded in use during Fiscal Year 2014 as more architects and engineers adapt to this new electronic filing process. IT has been working diligently with the Police Department to address several deficiencies with their current records management system. Essential information such as the Be On The Lookout (BOLO) Report were not included into the Records Management System (RMS) software. Therefore IT developed its homegrown adaptation to provide this essential information to field officers in real time. We also established contract management protocol that requires our Risk Manager to review the insurance policies for all new contracts and amendments to existing contracts before being approved by the Director of Finance. Additionally, a policy expiration tool was developed by IT to assist with the ongoing management of insurance policies to avoid potential lapses during the term of those contracts. In response to a growing number of tax on government computer networks our Risk Manager procured a cost effective cyber liability insurance policy to provide additional protection against potential loss should our employees' personal

information become compromised. Purchasing Division held several procurement trainings including pCard training which resulted in fewer pCard violations despite a significant increase in the number of pCard transactions. The Division of Purchasing continues to initiate...its initiative to leverage all opportunities to further expand its reliance on technology, to seek paperless solutions in the exercise of procurement obligations and responsibilities.

Challenges...Funding constraints certainly. While leveraging technology could help improve employee productive, as well as access to data, investment in technology is not without costs. Replacing older software solutions and implementing new technologies to streamline our business process typically requires upfront training and lots of employee overtime to oversee implementation. Since it often takes several years to see a return on investment, with new technology, the County must be willing to raise additional revenues above and beyond what it takes to run our current operations to invest in our IT Division and potential hardware and software solutions. In today's environment there seems to be a continued reluctant to consider higher taxes and fees, understandably. Thus funding constraints will remain a barrier to advancing greater use of technology.

Staffing levels: leveraging technology and reengineering our business processes can only take...only advance customer service so far. At some point staffing levels to keep pace with the ever increasing demands for services and greater employee workload needs to occur. It is unrealistic to think that nearly static staffing levels that were present two decades ago are still sufficient to meet today's customer needs. Underserved areas within the Department of Finance include Central Accounting, Motor Vehicle Registration cashiers and clerks, IT staff, and Real Property Appraisers. It should be noted that Civil Service requirements make succession planning extremely difficult to implement as vacant positions must be made available for either internal or open recruitment prior to the departure of present staff.

Regulatory requirements: Department of Finance is constantly saddled with regulatory requirements that change the work performed. This added red tape sometimes undermines efforts to create efficiencies and can evolve into unfunded mandates for our Department. Directives issued by the State Procurement Office, Government Accounting Standards Board, Department of Homeland Security, Hawai'i Employer-Union Trust Fund and other governmental oversight agencies has taken its toll on how work must be performed by our employees.

Our goals and objectives. Goal is to maximize the use of resources we have by seeking opportunities to leverage these resources through technology and partnering wherever possible. Objectives: to continue to coordinate with Budget Staff and the County Council to review best practice budget methodologies with local government with the intent to engineer strategic changes in our budgetary system. Study local government best practices and budgeting and hire a consultant to assist with implementation. Exploring the idea of moving our existing budget process towards the process described as "budgeting for outcomes." This is an ongoing initiative. Two, where practical continue to improve succession planning and training of employees in Divisions especially the Divisions of Treasury, Real Property Assessment, and Finance-Accounting, where key personnel have now the required years of service and age to retire. Real Property Assessment will be upgrading their current client server assessment software to a web based version that will allow for the potential of providing real property changes from the field via field tablets in future years. These upgrades will begin in the last quarter of Fiscal Year 2014 and continue into early Fiscal Year 2015. Both Real Property Collections and Real Property

Assessment are working to reduce the number of mail outs and postage costs by allowing taxpayers to enroll for E-mail notifications for their assessment notifications, as well as their billing statements. Ongoing efforts to improve time and attendance records has resulted in the reorganization of both Finance and Personnel Services by moving the payroll function and payroll staff from the Department of Finance to the Department of Personnel Services. Employee records maintained by the Department of Personnel Services are being updated to include additional information necessary to generate our employees' payroll and benefits. Continued efforts to reconcile and maintain employee accruals, their vacation, sick, and comp time ongoing with each of the affected Departments and a fully automated time and attendance solution cannot be implemented until employee records and payroll status have been integrated and all accruals are reconciled. Again this is an ongoing process, but something that we are attending to and our idea is to probably implement some of the time and attendance that is less complicated that do not primarily involve Police, Fire, and Public Works have more pay scale differentials that are more complicated. So those outside of there we will hopefully be able to implement something on time and attendance in Fiscal Year 2015 that is our goal. IT implemented a survey that was posted on our website to acquire input from the community to determine what services would best serve our citizens and the results of the survey are still being analyzed and we intend to begin implementing some of the suggestions before June of 2014. Vehicle utilization and fleet management represent both a significant cost to the County as well as a significant opportunity for improvement. We have worked with Public Works Automotive Division to revise the vehicle turnover policy by keeping low mileage, well maintained vehicles in service well over five years and with respect to those vehicles that may be underutilized by certain Departments we intend to rollout a pilot motor pool in Fiscal Year 2015 with the hopes to reduce the overall size of our fleet and getting better vehicle usage from those vehicles that remain. A streamlined travel policy is awaiting final review from our union partners so that we can have the budget process used for the vetting of all mainland travel. Rather than the current and somewhat cumbersome of having the Mayor and Director of Finance reapprove these requests during the fiscal year. The new policy will help avoid unnecessary added costs that often result from untimely pre-approvals by placing the approval authority with the Department Heads and within the budget process itself. After completing the take-home vehicle policy in July of 2013, an internal audit on take-home vehicles made additional recommendations to this police as well as the yet to be published comprehensive vehicle policy, as a result a number of our County take-home vehicles were even further limited for 2014 and the suggested revisions will be incorporated into the aforementioned policies. Department of Finance looking at our budget overview the Department of Finance is a County Chartered Department that is currently comprised of 83 dedicated employees that provide a number of essential services to both external and internal customers. Our employees work in nine Divisions or sections within the Department and these areas include Finance-Accounting, Information Technology, Treasury, Driver's Licensing, Motor Vehicle Registration, Real Property Assessment, Real Property Collections, Purchasing, and Finance-Administration. At present a total of eight of our 83 employees are funded by the State of Hawai'i grants. Six in Driver's Licensing, and two in Motor Vehicle Registration. Three of the employees within Finance-Accounting are proposed to be moved to the Department of Personnel Services, so that the payroll function can be integrated within the payroll record keeping system. As of the date of this report we currently have five vacant positions that are either vacant or short-funded as indicated on the last page of this document. The Department of Finance Fiscal Year 2015 budget is \$11,173,614. That is a 5% or \$588,173 reduction from our Fiscal Year 2014 budget which totaled \$11,761,787 and is 6.9% lower than Fiscal Year 2013 budget of \$11,894,234. The most significant changes related to the reduction in the claims account within Finance Administration for Puhi Metals. That was reduced by \$535,805. A

reduction of staff and vacation payout amounts in Finance-Accounting. Payroll was moved to the Department of Personnel Services as was the budget for the vacation payout. There was an increase in computer peripherals and support of \$225,000 and the largest operation costs are associated with the Countywide insurance premiums and set-asides for uninsured claims, the funding for special projects such as the Kaua'i Humane Society grant and sewer credits. It should be noted that the Kaua'i Humane Society grant, there was a request by Penny Cistaro for an additional \$68,000 in funding for Fiscal Year 2015. We did not recommend that, we left the funding the same at \$760,000. It was recommended by Penny to allow that solely for the Animal Control Services to reduce or remove the moneys for the Spay and Neuter Program because she felt that it would easier to raise moneys outside the County for that specific purpose. So the funding would not change but the directive as to where the funding would go in the contract would be solely for animal services.

The next page of the document on the report shows the differentials by area. Again, Finance Administration, proposing to reduce their portion of the budget by \$391,792. Accounting a reduction of \$696,521. IT has a proposed increase of \$374,871. Treasury an increase of \$20,236. Driver's Licensing \$17,833. Motor Vehicle a slight increase at \$6,536. Real Property Assessment, a \$62,953 increase. Collections \$12,133 and Purchasing \$5,528.

Ms. Yukimura: Is this the real reductions or is with the OPEB?

Mr. Hunt: There is say combination. It does include short funding OPEB. It also includes the reduction of three staff members in Payroll being moved to a different function and a different department. So you will see a corresponding increase when you have the Department of Personnel Services come up. They are now absorbing the cost of these three Payroll individuals coming over and we also have a reduction in the vacation payout because the payout is a Payroll function that is also being moved to the Department of Personnel Services.

Ms. Yukimura: I guess we are interested in real reductions and obviously you have some but it is hard to tell when they are combined.

Mr. Hunt: Correct. There are some anticipated one-time cost such as the claim for Puhi Metals that is being reduced...it was not paid...or shall not be paid out over two fiscals and I think it is going to expand to a third and so there is funding that will continued to be asked for Fiscal 2015, but it is incrementally getting smaller.

Ms. Yukimura: You are just spreading it out over more years?

Mr. Hunt: It is worse than, it is spread out over more years and there will be an additional request because the \$2.1 million of what was approved by Council appears to be short of what their actual need is going to. That will be Public Works that will be coming before you to request that additional funding. Because it falls under claims, it affects my budget so it stays within the Department of Finance budget.

Ms. Yukimura: So it does not allow us to see what Solid Waste's plus and minuses are?

Mr. Hunt: It is not an operational plus or minus. Right now it is a liability. It is a claim.

Ms. Yukimura:

I understand, thank you.

Mr. Hunt:

Page 8 of the report shows the Administration's Division portion of the budget. Again, the biggest change here is in operations is a decrease of \$408,961 and the total Division dropping to \$391,792. Again the largest portion of that is because of the movement of the...the decrease in the Puhi Metals claim funding. Moving on to the Risk Management portion, premiums continue to increase slightly for Fiscal Year 2014 and projected for Fiscal Year 2015 and we have added the cost of the Police subsidized vehicles insurance to our policy and also added the cyber liability in Fiscal Year 2014. Those are added costs in Fiscal Year 2014 that will continue in Fiscal Year 2015 plus projected premium increases. They can be broken down into property, casualty, excess workers compensation, and specialty coverage. Within property, the insurance rate for property coverage has continued to increase since 2012. During 2013 accounts involving public facilities saw increased rates. This is a national trend stemming from several large incidents such as Hurricane Sandy, the spring thunderstorms and tornadoes which translated into large losses for the industry's underwriters. Additionally Risk Management Solutions released version 11.0 of their national catastrophe modeling software which is predicting higher losses from windstorms in other parts of United States is factored in. The rate increase for most property insurance accounts has been under 10%, but some accounts have now experienced two consecutive renewal periods with rising rates. The last time we experienced rising rates in two consecutive renewal periods was the 2001-2002 year. The rate increases have been somewhat moderated by strong industry surplus and growing competition for market share on accounts with excellent loss experience. Since the County only saw a moderate rate increase of 2.5% upon the last renewal we are requesting a 5% increase as a cautious approach and hope for a flat renewal, absent any catastrophic events. On the casualty size, the marketplace for public entities has become very restricted with only a fewer...with fewer carriers willing to participate as lead excess layers insurers. In particular insurers in the most hazardous risk categories Police and Fire and those with poor loss histories can anticipate limited competition. The result from this lack of competition could result in the County having to entertain increased attachment points mandated by the lead layered excess carrier which could force the County to take higher self-insurance retentions. The higher excess layer placement will be competitive and carriers underwriting this class of business have thus far been providing competitive pricing and it is anticipated that the price for the lead excess layer will increase by 8-10% for the renewal unless the County selects a higher self-insurance retention. The additional excess layers could remain the same as pricing levels...expiring pricing. On the excess workers compensation...this particular line of coverage, remains the most distressed in the current marketplace. The phenomenon is affecting both local Hawai'i based self-insured as well as mainland based accounts. The excess workers compensation have become restrictive with respect to pricing and capacity and with limited competition, the insured...lose the ability to have competition counter with industry proposed rate increase. It would be deemed very successful policy renewal if the rate increase for this line of coverage was limited to 5%. On the specialty coverage we do not anticipate any change to the pricing for the aviation insurance, commercial crime, or cyber liability policies. With respect to Risk Management I wanted to see if I could get Scott to pull up the PowerPoint on what we have done internally to develop a process and mechanism for tracking our policies. First to lead off, we established a policy by which all contracts and all contract amendments that are initiated go through our Risk Management...through Gerald Estenzo currently for a review, both of the policy and for the amount of coverage and does not come to me for signature until that has been approved. So that is just on the process side. On the monitoring side, the contract management, we have implemented a home-grown and this I give kudos to Mandi Swanson here who helped to work with us and Gerald to develop this tracking

mechanism through the SharePoint portal. I apologize for the small type. This is...it is a screen shot of the administration contract management side. It tells you what the contract is? Who the vendor is? The contract number? How many attachments are involved? The contract amounts? Then it also...much wider screen...this is sort of an active drop-down menu that shows you...if you could help?

MANDI SWANSON, IT Specialist: Sure. This is just showing that I have created different views...it is the same data, but it is basically filtering the table below. I wanted to show you there is a current contract view and first of all, the "all items." There is the current contracts view that shows only contracts that the expiration date is after the current date. So they are still current and expired contracts view. If you can go to the next slide? So basically what the Risk Management person does is that they go to the contract and enter the contract here by clicking "new item." You can go to the next slide. So they will fill out all of this information, all of this information about the contract and then they will click "save." Then it will take them back to this list and then they will come to another list, which is "insurance policies for the contracts." So the contracts are stored in a different list than the actual insurance policies. I did it this way because there is going to be multiple insurance policies per contract. So basically he only has to enter the contract data once and then enter a record for each insurance policy for that contract. So if you go to this...this is showing that when he enters the insurance policy, a new insurance policy, he will enter the contract and on this form, and then on this form it shows all of the contract numbers that have already been entered into the contract's list. So he will enter the contract and come to this list, choose a contract number, and then choose all of the policy information on this form. Then here I just wanted to show that once he enters the policy information, this list also pulls in the amendment number from the contract's list. So it is basically a lookup column, so he can see some of the fields from the contract's litigation list in this list also. This list I created different views. The current contract and expired policies and there are policies to expire in next 30 days. Then there is another view for policies to expire within 60 days. So this is showing policies to expire within 30 days. I wanted to show you also that there is a column for policy start-date and policy end-date and the days until policy ends it is actually calculating how much days are left before the policy expires.

Chair Furfaro: We have a technical problem that we have to deal with it with right now. We will take a break to see if Nyree can adjust the sound. We are on a recess for 10 minutes until we can adjust the sound.

There being no objections, the Committee recessed at 9:38 a.m.

There being no objections, the Committee was called back to order at 9:59 a.m., and proceeded as follows:

Chair Furfaro: We are back and we will count that as our caption break time, although it was for repair and maintenance, we are good to go. You can continue, Steve and your colleagues.

Mr. Hunt: Well Mandi was getting into monitoring the policies and I just wanted to make sure that one of the big distinctions between a policy start and end and a contract start and end is that those dates do not always coincide. You may have a policy that during the term of your one year contract only has two or three months left on the policy. So this actually tracks the policy, so that we know that if during the term of the contract the policy lapses or even 30-60 days prior to the lapse we can begin the process of getting an update on that renewal of policy. That was one of the primary

reasons to get this tool implemented so that we could monitor and make sure that we have continuance in the policies during the term of the contract. Also in addition, to the tool on SharePoint one of the key elements that actually is involved in this is that it integrates into the Outlook calendar so that it sends you a calendar reminder so that person managing those contracts makes sure that those involved in the subject expertise, whether it be Public Works or Parks or whomever has that contract, is notified, and this is the tool that gets us that notification so that you do not have to constantly check for the 30-60 days but it is auto populating into your Outlook calendar.

Chair Furfaro: Steve, may I ask with the notification, the first notification goes out at 60 days to the particular person managing it? Then I would hope that the 30-day notification, that no action has been taken might go to a cluster of people including yourself? Can I assume that is correct?

Mr. Hunt: Because it is in its infancy, those are great recommendations and we will make sure that it happens, but right now, the contact is between the Risk Manager and those associated with monitoring those contracts. But at your suggestion, we can make sure to include a 30-day more urgent reminder that involves people above those that are actually managing the contract.

Chair Furfaro: Thank you for taking that consideration.

Ms. Swanson: I explained this already. This is showing that the policy start and end date are shown and that it calculates the days until the policy expires. Then this is the...so we set up a task, a recurring task in the Risk Manager's Outlook and it happens every 15<sup>th</sup> of every month, and he will get a pop-up on his screen, reminding him and within that pop-up is a link at the bottom that you see there. The link, if you go to the next one, when he clicks...when he clicks the link, it goes to the view of "policies that will expire within 30 days." So he gets a task reminder on the 15<sup>th</sup> of every month with a link to the view of policies that will expire within 30 days.

Mr. Hunt: Just wanted to clarify one more thing. On our end we are doing everything that we can to monitor the policies and make sure that they do not lapse. One thing that we cannot control is people who cancel their policies prior to the maturity. So if you have six months remaining on your policy, but two days after we issue our contract, you cancel, we are not notified and that is...that is something that we cannot control. It says it in the contract obviously, if you cancel you need to notify or amend your policy, you need to notify us, but in terms of nefarious acts and people purposely canceling their contracts we cannot control that and the insurance companies are not mandated to notify those additional insures. So that is our only risk, I guess, if you are dealing with people that are not necessarily good credit risks we run that risk.

Chair Furfaro: But I have to ask though, at that point, let us say we had a vendor that is required to name us co-insured...you are accepting the additional insured document for the whole period in their lease, right? What we will have is an entire document and then, in fact, could you initiate a letter to the insurance company that says if there is any change in this status, now that we are named co-insured that we are asking you to notify us so that least that is documented.

Mr. Hunt: Right. We could send that letter, but my indication from dealing with our insurance people it is not a requirement and they do not have to comply with that.



Chair Furfaro: I have been around insurance to know that, but what I am saying to give us some self-assurance that if we have All American Insurance naming us co-insured and the initial is for the entire period of the lease, but we send them a letter asking them to notify us, at least that is something that we can have as an audit trail.

Mr. Hunt: Sure.

Chair Furfaro: A basic form letter to that extent would be important and believe me, I have to tell you this is a wonderful improvement and thank you young lady very much for that work.

Ms. Swanson: You are welcome.

Chair Furfaro: We need to be watching out for ourselves in many cases with these vendors and just at least having a letter asking them to notify us, if their policy had been canceled, naming us co-insured. I think that would be a wise thing to do at this point. Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. So you designed this tool?

Ms. Swanson: Yes.

Mr. Rapozo: Good job. Because I agree with the Chair. We have come a long way.

Ms. Swanson: Thank you.

Mr. Rapozo: Steve, do we regularly check quarterly...I mean do we...we do not, right? As far as policy validity?

Mr. Hunt: No, we get the start and end date of the policies which we are now monitoring. Before it was just primarily monitoring the contract so this is an improvement saying that we are now separating the contract from the policies and we are now monitoring the policies. So we are catching them before they lapse and making sure that the contract managers that are getting the documents back from the insurance companies and the vendors that are providing this, but in terms of regular monitoring we are not making a daily call to everyone on the list or a monthly call to everyone on the list to see if you are still insured today? That becomes somewhat unfeasible. For the most part our vendors are keeping insurance and doing a good job and they are credit worthy. It is just the ones...

Mr. Rapozo: What percentage...do we know what percentage of vendors turns out to be without insurance in the middle of the contract?

Mr. Hunt: No.

Mr. Rapozo: Do we have some?

Mr. Hunt: We had one big one, Puhi Metals that initiated a lot of this. As far as I know I do not know of any other incidents where we have had that cancelation.

Mr. Rapozo: Okay. I guess the insurance like the Chair was saying, the insurance company is not required to, but if we had just a short form that every quarter or every six months, whatever, just sending it out, faxing it out to the insurance company and I am assuming that they would oblige and check the form to say if they are still insured, not insured, cancelled, etc. I think if we can do that every quarter. You know who the vendors that are safe. I am talking about the first-time vendors, maybe larger ones like Puhi Metals just to protect us. This contract too, I like how it works, but do we have something like this for contract amounts? Like the value of a contract? So as we approach say 65% of the contract amount it triggers an E-mail or Calendar/Outlook alarm or warning?

Mr. Hunt: We have not developed that. That is done at the Departmental/Fiscal level. They are able to look at their encumbrances, what was budgeted and should be able to do it within the AS-400 system to monitor that. We do not have a homegrown tool like this that is doing that for each contract.

Mr. Rapozo: Is that something that could be done or should it remain within the Department?

Ms. Swanson: I am not sure if the AS-400 system and SharePoint can communicate with each other. I think that would require something like that.

Mr. Rapozo: Like how you are setting this up, you have to manually go in and input the contract. So the Department Head would manually input the contract and set the values, contract amounts, etc. Then we set an internal trigger of 65% so when the bills become 65% of the contract, it sends like a 30-day warning here.

Mr. Hunt: I guess the issue here is that all of the financial management, all the encumbrances and spend downs are being managed within the AS-400 system. Unless there is that interface back and forth then you could set those levels within the SharePoint, but if the SharePoint cannot communicate and get those updates, then it is a matter of someone having to manually entering every time there is an increase or spend down on the contracts. So you would run a separate set of books, AS-400 plus information flowing into this system. So there would be some duplication of work I guess.

Mr. Rapozo: Thank you. Thank you, Chair.

Chair Furfaro: JoAnn, go ahead.

Ms. Yukimura: Thank you for this excellent response to a big problem, a big expensive problem. This is the kind of response and performance we like to see that when a problem is identified, you really take a good look at it and figure out a solution to it. So I really appreciate the work. Your leadership, Steve and Mandi, are excellent technical support for that. On this question of canceled insurance policies, could we not require them to be paid in full? So we know year-to-year that that they are paid in full and there is no real way.

Mr. Hunt: Typically they are paid in full. The issue is when they cancel they get a proportional refund. We do not have control over vendors canceling their policy. That is the inherent issue that we do not have control over. I do not know if it would be a State requirement to mandate that they notify us if they are going to cancel. Certainly within the contract it is breach of contract.

Ms. Yukimura: I understand.

Mr. Hunt: If they have already canceled and there is an issue and we find out later they have canceled that is when we are dealing with the issue.

Ms. Yukimura: Contracts work when people follow them. We are trying to figure out the situation when people do not follow them. I do believe it would be a legislative solution to that, but I guess in proposing it to the Legislature we would have to make sure that the requirement for insurance companies to notify additionally insured, whatever that burden is, is outweighed by the urgency to have that provision in place.

Mr. Hunt: Right.

Ms. Yukimura: In our case, it cost us over \$2 million. Was there any other way to catch it? Except by our managers calling and saying...calling the insurance company and asking for verification that a company is still insured? Would that have been one way to catch it? Because they have to let us know if we ask right?

Mr. Hunt: My understanding is yes. If we are an additional insured we can call and ask to see if the policy is still active and valid.

Ms. Yukimura: So related to that...I think is the Chair's question about how you clue in the subject matter managers like Solid Waste or OED so that they can use it in their management responsibilities which is primary. They have the primary management responsibility right? You say there is a way at least so that they can be...

Mr. Hunt: All the contracts...anything that involves insurance runs through Risk Management. Every contract that requires insurance runs through us right now. We are sort of the monitor of the policy dates. We contact the individuals as whomever is managing the contract we contact them to say that you need to give us an updated policy as of "X" date because this is going to lapse

Ms. Yukimura: Right. Which is right on in terms of your function, which is a backup check, right? So related to that, are stewardship agreements included in your contract reviews?

Mr. Hunt: They would be if they required insurance.

Ms. Yukimura: Well, the one that we just approved required indemnification.

Chair Furfaro: Let me just clarify.

Mr. Hunt: Indemnification is different from insurance.

Chair Furfaro: That question along with some questions from me on the insurance on the two stewardship agreements did go over to legal.

Mr. Hunt: Okay.

Chair Furfaro: We expect answers from them relatively within four weeks I gave them. So I do not want to have two different sets of answers, but as JoAnn has requested and I have requested, those questions were sent over to the Legal Department and I assume that they are required to have insurance, to name us co-insured with the minimum amount of \$2 million liability.

Ms. Yukimura: We wanted to know that, but I am not sure we asked the right Department. It seems maybe your Department needs to have some oversight as well. One of my concerns in joining the Chair in asking that question is I am very concerned in terms of the kinds of insurance required and the trigger points for checking on liability and proper performance. So one level is in the way that the contract... or the stewardship agreement is written in terms of what is required in term of insurance. Then your folks' view about the implementation of the requirements, right?

Mr. Hunt: Again, the Risk Manager in our Office does perform that former task of trying to assess what insurance limits would be necessary for that type of...and the risks associated with that type of activity? That is part of the function to do that.

Ms. Yukimura: Right.

Mr. Hunt: As well as making sure that the insurance company itself meets a certain criteria in terms of rating standards and it is not a fly-by-night insurance carrier that it is actually one of the premium carriers that has reinsurance and coverage. So if we actually had to draw on that, we would have a likelihood of being compensated and that is vetted by the Risk Management position.

Ms. Yukimura: For me there was a question about...I do not know if we can ever have protection in a stewardship agreement, because it is not a lease, and I think it will go directly straight to us, if anything happens. But I mean, it would be good to get that kind of...

Mr. Hunt: That is, in fact a legal question.

Ms. Yukimura: Okay.

Mr. Hunt: I think it is in the right review.

Ms. Yukimura: Yes. Okay.

Chair Furfaro: Can I just expand on that? I am going to ask Jenelle to come out and make sure that Gerald and you are copied on that correspondence.

Ms. Yukimura: Thank you.

Chair Furfaro: That is how it was broken down into those two questions. Thank you for letting me interrupt, JoAnn. Go ahead.

Ms. Yukimura: I am done with this portion. Thank you very much.

Chair Furfaro: Mr. Hooser, did you have any questions on this portion?

Mr. Hooser: No.

Chair Furfaro: Mandi, I want to compliment you on a great worksheet and something that will set off rockets and flares for us. Thank you very much.

Ms. Swanson: Thank you, Chair.

Mr. Hunt: Thank you, Mandi. Moving on to the next Division of Finance is the Accounting Division.

Ms. Yukimura: Procedural question. Are you planning on going through your whole presentation before we ask questions?

Mr. Hunt: I would like to do Division by Division if that is okay.

Ms. Yukimura: Chair, I have a procedural question?

Chair Furfaro: Sure.

Ms. Yukimura: Could we ask questions on the part that has been covered up-to-date instead of waiting?

Chair Furfaro: I am sorry, I was talking to Jenelle, but that is my intention before we go further. On the material covered from Steve's overview, first of all Steve, I wanted to tell you something that seemed like I just needed to say this with you. I am very pleased with what you have done for the last 18 months and, in fact you have exceeded my expectations over the last 18 months. Please know that I sincerely want to say that you have clarified a lot of important values and systems within Finance that needed attention. I know you have IT and the technical parts and taxation and purchasing and insurance, but you are recognizing a lot of the things that we need to accomplish in this short time you have been over in Finance. You have put together a great team. I really want to tell you that I really enjoyed watching the changes that you have made and, in fact, through a very difficult period of time. So I did not want the day to go any further without saying that. Your achievements are recognized and I know we have to constantly make improvements, but your work is very appreciated. Very appreciated.

Mr. Hunt: Thank you Chair and I also want to recognize all of my valuable staff who have really towed the line.

Chair Furfaro: It comes with setting the kind of environment that promotes cooperation amongst your team and I think you have provided that environment to stay focus with your team. I appreciate that. I do want to go back and cover the overview presentation from the beginning. I know you brought Mandi up to make

that presentation, but let us regress a little bit and see if there were questions on the earlier part of your narrative. JoAnn, you have the floor.

Ms. Yukimura: Thank you, Chair and I want to strongly concur with the Chair because it has been constant improvements since you have come on board, Steve. I think you have the greatest number of Divisions of any cabinet-level manager to oversee and then to think that you have to prepare all of this for your own presentation and also oversee the general County's presentation, really it is testimony to the scope of your responsibilities that you have really performed well in. Thank you for that. I know it does take a team. So thank you to your team members. On the question about the succession planning which I really appreciate the attention which the Administration, the Mayor, and you have been paying to that. You said it is very difficult, but I understand that there have been some efforts to develop responses or solutions to that problem, and I wondered if any have evolved?

Mr. Hunt: The best way I can answer that is I have requested for a lot of my Division managers to look at ways to cross-train, to pick up slack in the event that we do have untimely departures, even some of those that are planned that we have to absorb some of that work in the interim. The major challenge and it is a Civil Service challenge in general, if you are going to have someone do the function you have to pay them for the function that they do. There is no training ground and no pre-selecting saying that I want that person to succeed as the new manager. It is an open recruitment, even internal recruitments. Sometimes the issues become seniority versus ability? So it is not something that that we can always earmark for succession and that is some of the challenges inherent in the Civil Service plan. To counter that, the best way we have been able to is within the position descriptions and within the abilities possible to try and cross train as many of the individuals to take on those responsibilities in the event that we do have to absorb an interim amount of work until that person can be rehired or replaced.

Ms. Yukimura: Some of it is about the attitudes of our managers, right? Because I think...I know that in Public Works there is a new attitude about really training people below you, so that even if...I guess that kind of managerial consciousness to train people would be an openness to train people would be important. Are there some Civil Service structural changes that could be made that maybe all of the Counties could work on together? Because surely, that must be an issue throughout the other Counties.

Mr. Hunt: It is. I think it hits hard on Kaua'i County because we just do not have the economies of scale. Most of our managers are working managers and they do not just manage, but perform a lot of duties and tasks of their Division and that is different from other Counties where they have a lot of the workers below and they have more tiers of management so that movement is a lot easier. When you lose a high level manager that is both a production manager and an oversight manager it is very difficult. That is hard for us with again the lower economies of scale for us to find replacements for that. I guess that is best way I can answer that question.

Ms. Yukimura: But could you not also develop a place where you can temporary hire someone who has been selected, or do something like that?

Mr. Hunt: Again, it is the selection. You have to have a position in order to go out. If I know a specific manager is going to be retiring, I do not have that management position to hire for until they have left. If you had a temporary position created you could look at filling that temporary, but there is no assurances and if the

managers re-decides that they are not going to retire, then you have that whole assembly back into the workforce. It is just a challenging situation when you have those...when you only have one manager.

Ms. Yukimura: Maybe you have to require notice from the retiring person that has to be a part of the retirement process.

Mr. Hunt: We request...I do not know if we can require.

Ms. Yukimura: You make it Civil Service that if you are going to retire you have to give six months / one-year notice. If you do not, you have to stay on for one year to train.

Mr. Hunt: That would be a Countywide and even Statewide change to Civil Service requirements.

Ms. Yukimura: Right, but maybe that is the kind of change in the Civil Service system we need. Because the Civil Service system is pretty old and it has to change with the changing times. So on your payroll, I am so glad that you folks are really moving with this. You said something about 2015?

Mr. Hunt: Right now we have Payroll in Finance-Accounting. Until the budget is approved or some sort of commitment from the Council and you guys decide it is a bad idea and to keep it in Finance-Accounting I would need some sort of affirmation from you to say otherwise. The intent is to move into Fiscal 2015 and ideally we would like to move in May because of some of the transition issues with space and timing of some of the critical dates that we have both on the Personnel side, open enrollment, as well as on the Accounting side with certain reports that are due at the end of the year. So ideally May would be a great time to move and I think if we get some sort of reasonable assurance that you agree with that decision, I think that is where we go in May is to move those three individuals into the Department of Personnel Services.

Ms. Yukimura: Thank you. What is this whole project called?  
Do you have a name for this project?

Mr. Hunt: I have...I know Brandon during his IT budget will be addressing some of that from the technology side how we are going to be accomplishing this.

Chair Furfaro: Brandon on our agenda is next. So if you could hold that question and we will go to IT.

Ms. Yukimura: Sure. So I just want to say bravo and excellent on your Real Property Assessment upgrading of existing client service and then the reducing the mail outs and postage by allowing E-mail. That is really great. So Humane Society, can you just explain what you said about Penny Cistaro's request?

Mr. Hunt: At the end of last year, or the current fiscal...last year's proceedings, the issue became the management of cats as well. The current contract that we have is going to be expanded to include the management of cats. Not the feral cats, but the domesticated cats, household cats.

Ms. Yukimura: Yes, for which we are charging people?

Mr. Hunt: Correct. With the cat licensing and some of the other revenues, they still anticipate a shortfall to their budget to run that program. The request was to increase the budget by \$68,000 to cover that shortfall for the program we would like them to administer. In lieu of that increase, the request as a secondary request would be to remove the spay-neuter program from the contract, so that all of the moneys that we would be giving would go to animal management, both cats and dogs with the Humane Society having more opportunity at least in their perspective to raise funds for spay-neuter. It is easier to do that than to say I want to raise money for the County's contract shortage.

Ms. Yukimura: I see. So we would be facilitating their ability to raise money basically to supplement the County's money, right?

Mr. Hunt: Yes.

Ms. Yukimura: That is great. I believe there are a lot of people who are committed to solving the animal population problem in a humane way. So that is what would be accommodated.

Mr. Hunt: It is really the contract more than the budget. The budget has one single line item for Humane Society and it does not break it up into the two programs, our contract does. We would amend our contract for Fiscal Year 2015 to say it all goes to animal care and maintenance programs as opposed to have the differential and \$95,000 additionally going to the spay-neuter program.

Ms. Yukimura: The animal care and management is really animal control function which is a fully recognized public function, right?

Mr. Hunt: Yes.

Ms. Yukimura: Okay. Very good. Thank you.

Chair Furfaro: While we are on that subject, Mr. Hooser wants to follow-up. Go ahead, Mr. Hooser.

Mr. Hooser: To clarify, the amount of funding for the Humane Society is getting proposed versus last budget?

Mr. Hunt: Remains the...

Mr. Hooser: Remains the same.

Mr. Hunt: Remains the same. The Humane Society requested of us, to add \$68,000. The \$760,000 would be increased by \$68,000.

Mr. Hooser: In your discussions with the Humane Society, it begs the question and sounds like the County is cutting out the spay-neuter program and if the message goes out that the County is cutting that program, it seems like that is an unfair message if that is the message.



Mr. Hunt: We are not cutting funding, we are redirecting funding, but you are right. It is no longer specifically for the spay-neuter, but to fund our share of the animal control and maintenance program.

Mr. Hooser: I guess the messaging part of it should be directed to the Humane Society to make sure that when the messages go out, it is clear that we are funding the same amount that we did last year and it is their choice...if I am correct...it is their choice that the contract is amended to take out the spay-neuter program.

Mr. Hunt: Correct. Their choice is to add \$68,000 but in lieu of that, the choice is to fund the area that they feel that the County should be funding the most which is the animal control.

Mr. Hooser: Thank you.

Chair Furfaro: I am going to give the floor to Mr. Rapozo and come back to you JoAnn.

Mr. Rapozo: Thank you, so the current year funding is \$760,000?

Mr. Hunt: Correct.

Mr. Rapozo: That is including spay-neuter?

Mr. Hunt: Correct.

Mr. Rapozo: So the contract...I am just trying to make sure that I understand it. What is going to happen to the spay-neuter program now if we do not have one?

Mr. Hunt: Our contract will not have it. The County will no longer be funding the spay-neuter. We will be funding and using the same amount of funding more going towards animal control and none going to the spay-neuter.

Mr. Rapozo: So the public will have to pay for their own spay-neuter services?

Mr. Hunt: Or that the Humane Society will raise revenues to pay for that.

Mr. Rapozo: They want to raise revenues by charging the pet owner.

Mr. Hunt: Or through donations.

Mr. Rapozo: Okay. I do not know if that is wise. I mean it is kind of harsh to tell people spay-neuter your pets and we had this program for so long. So that is the first concern. You also have line items for cat license / dog license, totaling up to \$127,000. That is additional funding that is going to go to the Humane Society?

Mr. Hunt: That is.

Mr. Rapozo: I think that is important as well.

Mr. Hunt: Yes. They have assumed all of the administration and management. We no longer...Motor Vehicle Registration used to run licensing and we no longer run the licensing and do not buy the tags or do any of the paperwork. They assumed both dog and cat licensing functions.

Chair Furfaro: And the revenue part?

Mr. Hunt: And the revenue.

Mr. Rapozo: Right. So they will generate the revenue.

Mr. Hunt: Yes.

Mr. Rapozo: In addition to the subsidy from the County of Kaua'i.

Mr. Hunt: Correct.

Mr. Rapozo: Have you done an analysis to make sure? This now equates to an \$887,000 allocation to the Humane Society.

Mr. Hunt: And the last analysis of the work performed on behalf the County is close to \$1.1 million.

Mr. Rapozo: I am not sure how...I would like to see that analysis.

Mr. Hunt: Okay.

Mr. Rapozo: Because Ricky did an analysis last year, right, Ricky? And it was nowhere near that. So I would like to see your analysis.

Mr. Hunt: It is not an analysis, they are actuals and show us how many animals that they serviced and what the cost was and broke it down.

Mr. Rapozo: I guess our analysis was how much it would cost for the County to run it? Because regardless of how many animals, we are paying. So I would like to compare that analysis because I think that is quite high. So the dog license, \$110,000, how much did it cost us to administer the dog licensing program?

Mr. Hunt: I could not tell you on a cost per license because it was part of the functions of Motor Vehicle Registration.

Mr. Rapozo: Right. But I mean \$110,000? We paid them \$110,000 and they collect the revenues from the dog tags that they sell?

Mr. Hunt: Yes. They basically will collect the revenue. Right now it is through contract. So the Director of Finance by Hawai'i Revised Statutes (HRS) has to receive the moneys, it is essentially by contract that we give it back them.

They collect the moneys and submit it to us as revenues and we deposit the moneys and issue it back to them in terms of a check.

Mr. Rapozo: Okay.

Mr. Hunt: We no longer do any of the administrative work associated with that and of course the license has increased so the revenue was not as much in prior years.

Mr. Rapozo: I do not know if that was taken into account...how do we come to the \$110,000 and \$17,000 for the cat license?

Mr. Hunt: Based on estimates provided by the Humane Society in terms of revenues that they would get from the animals processed.

Mr. Rapozo: We did not counter, or anything and just said okay?

Mr. Hunt: I think that was part of their plan when we realized they were spending close to \$1.1 million to do the function and we were only providing an increase this year to \$760,000 there was still a big divide. They have done some cost measures to cut the days of service, but the reality is that we will help support you on the increased licensing to help you cover that gap. That was one of the trade-offs to give you the licensing program and the revenue from that to help reduce the gap that we are not funding directly. They take on the risk to make sure that they hit those numbers that they are projecting.

Chair Furfaro: We will send a communication over asking for the reconciliation and we can make our own comparison. Steve, so we will send that over.

Mr. Rapozo: So I just wanted to make sure that the public understands, so the spay-neuter program is done as far as the County's spay-neuter program?

Mr. Hunt: It would be for Fiscal 2015 at the recommendation of the Humane Society that we would fund the animal control services in lieu of that. Give them the opportunity to raise that additional shortfall.

Mr. Rapozo: Okay.

Chair Furfaro: JoAnn we are back to you on a new question or still the Humane Society?

Ms. Yukimura: Humane Society.

Chair Furfaro: Go right ahead.

Ms. Yukimura: I am suspecting that...because I have not known about this particular arrangement prior to this that the Humane Society plans to provide the same level of service in spay-neutering at the discounts that they are presently offering. So I am wondering about the possibility...first verifying that and then including that in the contract. Not saying that they...saying that they can spend all the money that they receive

for animal control, but still in response to that, having them guaranty that the spay-neuter program will continue?

Mr. Hunt: I think it would be very difficult for us to say that the spay-neuter program will continue, but not provide the funding for it.

Ms. Yukimura: Well, I would ask them, because I think they are...they are basically making a commitment to us that...what I hear, and it may be an underlying promise, but that they are going to continue that because I do not think we want to see any reduction. So the contract would say...we are not saying that you use these moneys for that, but you do guarantee us that you will keep the program at the current levels. I would at least go back and ask them for that. Because I think...I think both our goals of the County and the goals of the Humane Society are to keep the spay-neuter program at that level or greater and give them sufficient money for their animal control program and that they have the same goals and that they are planning to do what they are expecting. I am just suggesting additional conversation.

Mr. Hunt: And possible contract amendment.

Chair Furfaro: I will go to Mr. Rapozo and Mr. Hooser.

Mr. Rapozo: Was the contract already initiated?

Mr. Hunt: No.

Mr. Rapozo: Normally the Humane Society is here?

Mr. Hunt: Correct.

Mr. Rapozo: For the budget session and I do not see them here today?

Mr. Hunt: I believe they were excused.

Chair Furfaro: They are not on the schedule today because of some discussions that they had with me and I will be glad to share that with you privately.

Mr. Rapozo: I would ask if we could get a call-back day for them?

Chair Furfaro: I will put it on the calendar.

Mr. Rapozo: I think it is important for them to be here so that we can ask those questions. It is very hard Steve. I am really concerned that we are giving them more money and the services will be reduced. I am not good with that. So that is all I have for Steve. I guess I will reserve the rest my questions for the Humane Society.

Chair Furfaro: I just want to clarify for everybody to understand, they did not submit any written documentation this year at all as it comes up on the budget process.

Mr. Rapozo: Did we ask?

Chair Furfaro: It was mutually agreed.

Mr. Rapozo: That they would not submit a budget?

Chair Furfaro: That is how I understand it.

Mr. Rapozo: Mutually agreed by you?

Chair Furfaro: With the Council. This is the Council's meeting.

Mr. Rapozo: I never agreed not to have the Humane Society budget. That was the problem that we had last year. So I do not know. I definitely would want to see a budget. For that amount of money.

Chair Furfaro: Let me put it this way, I will ask them for their budget detail again. If they submit one, I will reschedule them. If they do not submit one, I will not schedule them, fair enough?

Mr. Rapozo: That is fair and I will not support any funding to the Humane Society. Thank you.

Ms. Yukimura: Chair?

Chair Furfaro: Mr. Hooser had the floor next.

Mr. Hooser: Just to follow-up. If the contract has not been executed, I certainly would think that the issue needs to be revisited. I am not comfortable having...we are funding the same that we did last year and I do not want to eliminate...I do not want the County to stop funding the spay-neuter program. It is like any Department, if the funds are restricted, then they make do with what they have and if they have to nibble away at each little thing to balance their budget or raise more money in general, I think that is the way for us to do it, but for to us make a statement that we do not want to fund the spay-neuter program I think is incorrect and that is the message...apparently we will have more discussion. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Which is why I asked, what Councilmember Rapozo and Councilmember Hooser are concerned about is also my concern. I do not think it is the intention of the Humane Society to be contrary to what our intention. I think we all know how important spay-neuter is. I think it would be helpful to have Penny Cistaro come here. I do not think the whole Humane Society budget is necessary. They need to show us what they are going to use the moneys that we give them for? If there is any other performance required, that they say that they are going to fund from their own resources they need to be able to guarantee that to us. That is why I think a contract...not an amendment, since it has not been done yet, but a contract that says you can use all of these moneys for animal control programs. But you shall guarantee us that the spay-neuter program will be maintained at its existing level or better, will satisfy our needs.

Mr. Hunt: To answer the first part of that question, they actually do provide a breakdown of their overall costs of their Humane Society and they

break out the portion directly related to animal control and the spay-neuter program and give us counts of each of the animals that are serviced and the days that they are served and they do break that down. By their operating budget how much proration of the vehicle and fuels and everything else is based on that operating budget, so we do have that or have gotten that in the past. I did get their year-end for their past fiscal and they have been providing quarterly updates. My understanding it is accommodating a request because they feel it is easier to raise moneys for spay-neuter than it is for other programs.

Ms. Yukimura: But underlying that request is an assumption that they will be able to perform at the same or better level...no matter where the funding comes from, they still need to guarantee us that service somehow to me. Just on this line item budget are the moneys from the line item all coming from the licenses?

Mr. Hunt: You are talking about the additional \$127,000 in there yes. Those are moneys raised by the sales of licenses and tags and fees that they impound, they come to us and we submit them back to them.

Ms. Yukimura: Right. So if they do not raise that amount of money they do not get that amount of money.

Mr. Hunt: Correct.

Ms. Yukimura: I just to be clear about that.

Mr. Hunt: If their goal is to raise that money and they fall short, that is a business risk that they are taking on. If they get more than this...

Ms. Yukimura: I mean it is actually a strong performance requirement on their part.

Chair Furfaro: Okay. I need to say something Steve. This is a single line item in your budget. It is a contract that you manage. I assume when they came to you, they laid out a budget. Could you...I am going to send the communication to you and I would like you to copy to us the budget and the narrative that they gave you back to us, and I will reschedule them on the 21<sup>st</sup>. Okay? It is the Finance Department's contract, the Administration's contract. It is not the Council's contract. But we will put them back on the call-back and hopefully you will be here to join us with them. Before we go on and on with more dialogue, let us get what they submitted to you and the particular narrative points that they wanted to exchange, because we should have this discussion with them in front of us. Yes, JoAnn?

Ms. Yukimura: One last question. So in your contract, will you say that it is only the moneys that come in from them that will be given to them for the operations?

Mr. Hunt: Yes. Actually we have that in the current contract because we had to amend the contract once the dog licensing fees were increased and we assigned them that administration.

Ms. Yukimura: It is a clear contractual stipulation.

Chair Furfaro: This last year we gave them an additional \$100,000.

Mr. Hunt: Yes.

Chair Furfaro: We gave them the license fees for dogs. We gave them the license fees for cats. And you will you submit to us the budget narrative that they gave to you when this came over as a single line item?

Mr. Hunt: Yes.

Chair Furfaro: Thank you. On the 21<sup>st</sup>, Scott. Do we have a specific time? We will get a time for you as well.

Mr. Hunt: I will provide the budget. I do not believe there was narrative. There was dialogue between us.

Chair Furfaro: If there is any narrative or dialogue between you, I would hope it would be something that could have been incorporated into the contract, of which we are finding out, was not signed to this date. Whatever those talking points are. I would like to get to the IT Division soon. So let us go around the table some more on another subject other than the Humane Society.

Ms. Yukimura: On insurance, in particular property and workers' compensation, but first property. You are saying there is a national trend in increasing insurance premiums for property due to all of the storms that we are having around the country?

Mr. Hunt: Yes.

Ms. Yukimura: Okay. So that is actually an increase in costs to the County's budget due to climate change?

Mr. Hunt: I am not going to comment on climate change. I am not an expert.

Ms. Yukimura: The increase in storms. Okay. Because I mean I think we need to...you know, it is like becoming real, and that is not funny.

Chair Furfaro: I do not think anybody is laughing, but I do not think that the Finance Director can produce for us the 40-year trend in the worst winter on record in so many years.

Ms. Yukimura: He does not have to, the insurance companies are doing that and that is being translated into their rates. On workers' compensation, you said that is the most distressed, even more than property insurance? Page 11?

Mr. Hunt: Yes, I think it is becoming harder and harder on the workers' compensation. We have both a State that is very liberal with judgments and our payouts have been increasing.

Chair Furfaro: I have never seen an insurance policy that deals with a pro forma that talks about whether, but if you can find any narrative, I would appreciate that. But I have definitely seen workers' compensation insurance claims that reference your experience, your index, and the actual rate increases. Do we have anything like that?

Mr. Hunt: I would refer to Gerald Estenzo.

Chair Furfaro: I will send that over for the last three years to compare our last three years workers compensation index based on actual experience. I will send it over as a question. Thank you JoAnn.

Ms. Yukimura: So I guess...okay we are in an admittedly very difficult legal environment with respect to workers' compensation, but it seems to me that we have to do our utmost in the management of workers. Safety and anti-discrimination, anti-sexual harassment policies so that we do not leave ourselves open to this liability. Where do we...so we talk to Personnel and to Legal about those questions then.

Mr. Hunt: They do present our employees and managers with training. We do training on the various degrees to present workers' compensation claims.

Ms. Yukimura: Well, I think there has been an increased awareness since the past decade of horrendous payments. So that is good and that is one of the reasons that we wanted to...we have and we are reorganizing our Personnel Department into Human Resources. So hopefully that is an area that we will see some real results. Thank you.

Chair Furfaro: The questions I will send over to Gerald, I want people to realize the fact that your three-year experience index is what is really weighted out. So we could have a couple good years, but two years ago we had a bad year, it is still part of the formula. So we have got to wait on a three-year trend. I would like to see the experience index. Mr. Rapozo.

Mr. Rapozo: I do not have a question on workers' compensation, but I have another question.

Chair Furfaro: Are we finished with workers' compensation? Go right ahead, Mr. Rapozo.

Mr. Rapozo: I am assuming that we are on the Finance Administration part of the budget?

Chair Furfaro: Yes.

Mr. Rapozo: I have a question on page 32 of the budget. This is a question that I raised last year as well. The provision for temporary hires. The budget allocation is \$100,000. Expenditures and encumbrances to date is \$6,000. Is there a reason why we need to budget that much?

Mr. Hunt: This is Countywide.



Mr. Rapozo: I understand, year-to-date we spent \$6,000 and you are asking for \$100,000 and we are trying to find money...so I am not sure.

Mr. Hunt: I am anticipating actually using that fund within the remainder of 2014...probably not all of it.

Mr. Rapozo: \$94,000 in three months?

Mr. Hunt: Not within three months.

Mr. Rapozo: That that is what we have left, right?

Mr. Hunt: Yes.

Mr. Rapozo: I think that needs to be adjusted, I understand it rolls into the Reserve. As we are trying to find funds, I would kind of like to see a much more accurate number in the supplemental, if possible. Something that...I hate calling it "slush funds" because you never know when you need it, but we have to budget accurately and I think that is a huge disparity, \$94,000 with three months left. Mr. Chair that is my only question for that item. I do not know if anybody else has any questions.

Chair Furfaro: What was that amount?

Mr. Rapozo: The budgeted amount was \$100,000 and year-to-date is \$6,200.

Chair Furfaro: So \$93,000 something.

Mr. Rapozo: About \$94,000 and I am trying to figure out what we need in that line and thinking \$10,000, \$12,000.

Chair Furfaro: That is a true indicator.

Mr. Rapozo: Thank you.

Chair Furfaro: JoAnn you have the floor.

Ms. Yukimura: In the Puhi Metals Recycling, in addition, to the \$2.1 million that has already been appropriated you are asking for another \$800,000?

Mr. Hunt: I specifically am not asking for it, but yes, in the budget it is going into the claims for another \$800,000 to bring it up...I think it is \$2.9 million, is the final disposition.

Ms. Yukimura: So \$3 million result of that insurance gap.

Mr. Hunt: And the original...

Ms. Yukimura: Can you imagine what we could have done with \$3 million?

Mr. Hunt: The original estimates, I believe were between \$2.1 million and over \$5 million. So we are still coming in at the lower end of that estimate, but it is more than originally was appropriated by Council.

Ms. Yukimura: So is this \$800,000 going to be the end?

Mr. Hunt: You would have to speak to the subject-matter experts on that in Public Works.

Chair Furfaro: We will handle that in Public Works. Steve, thank you. I would say that we are in the mid-range, but we will follow-up with Public Works. I am trying to get to IT here. Yes Mr. Bynum?

Mr. Bynum: I would like to ask a few questions.

Chair Furfaro: Yes we are in department overview for Administration and Risk Management. Go ahead.

Mr. Bynum: I am going to be really brief, because I have been being called out of this meeting by things I cannot control. But I just wanted to make an overall comment that your presentation today...I was really pleased to see a number of items that have been subjects of audits in the past, that the Chair, when he was Finance Chair, went through and really...so I see the fruit of a lot of commitments made there to address these issues. I really appreciate that. It is nice when you have been here a while and you see things that were really a big, huge problem just a few years ago, suddenly starts to look manageable, because we have managers managing it. Thank you very much. Then I am going to forego, I have two or three other areas to cover, but really briefly, you mentioned Risk Manager and cyber liability. Again, taking initiative there...is this one of the positions moving to HR?

Mr. Hunt: No.

Mr. Bynum: Is this Gerald?

Mr. Hunt: This is Gerald.

Mr. Bynum: Okay. Thank you, Gerald for taking the initiative. Just to make a comment...you do not need to comment. Budgeting for outcomes conceptually I know...I think I would be supportive. Is this the same kind of effort that got made in our County before in the Kusaka Administration? Because it did not turn out that well in practice. Does not mean it is not a good goal or outcome and I hope we have further dialogue.

Mr. Hunt: The more I have been in interaction with Council and with the budget, I think we are kind of looking at a hybrid, looking at budgeting for outcomes in terms of directing our resources to the right areas as citizens seem to want them. But at the same time, having that line item budget and expanding that out to a multi-year, so that we can have sort of a look past, where you are currently and what you are proposing and maybe two years out projected? So you have a five-year trend and that way we can incorporate things that are not going to be unexpected that may involve Collective Bargaining for the next couple of years or other CIP that may be involved as we incorporate maybe the 6-year CIP plan into future budgets? It is going to take some time

and effort to coordinate all of these Departments into one budget process. That is something that we are looking at.

Mr. Bynum: You mentioned something about...I just wanted to make those comments, because it brought back memories, and I have seen the County before and it does not mean that we should not pursue that discussion and I look forward to having that discussion in the future. I assume while I was out of the room, positions were discussed?

Mr. Hunt: I did mention that the back-end of the report has the vacant positions. We did not have any discussion other than that.

Chair Furfaro: It is going to be rolled up in the HR report.

Mr. Bynum: Just generally, I think Real Property has been under technical for a long time, and a couple of years ago the Council put a Property Technical Officer. That position is now gone, right? There was enough concern a couple of years ago from the Council saying that we have got to...here, please put some more technical people in to get these things done. So I want to make sure...

Mr. Hunt: It is still in there. It is actually being filled with an existing personnel person...is being reallocated to that position.

Mr. Bynum: I was particularly concerned about positions that you said were underfunded. Or positions that may be vacant at the moment that I consider critical. I hope the Administration is identifying very clearly those positions that are critical. Because I have seen this happen before, where it is like you get caught in the cycle and it is like oh, this position that happened to be vacant at the moment got lost. Because it happens to be vacant. So these technical positions, a bigger concern that maybe I will ask in it, what are we doing to increase our ability to use technology to address these issues? I cannot remember the Finance Director in the past...probably did, so this should not be taken as criticism, but reflecting to issues that we identified years ago and giving us a clear update where we are in the process to address these issues? Thank you.

Chair Furfaro: Last questions for Steve?

Ms. Yukimura: On the point about budgeting for outcomes. I think I have been talking about that in terms of strategic planning and I want to urge you to take a look at the Office of Hawaiian Affairs (OHA) process. Because it is about clearly identifying outcomes and then whenever you do our budget, showing how the budget is related to that outcome that you want? I just want to say that we are not...this is tied to your funding constraints, that you mentioned. It is not just the public's reluctant to raise fees that is the constraint, the disproportion of pay raises to the total needs to the County and the need for future initiatives whether it is in IT or technology or expanding the bus and all of the things we need to do for the future and those are all the pieces that need to be looked at together. Thank you.

Chair Furfaro: Steve, Mr. Bynum wanted another 30 seconds or so.

Mr. Bynum: You mentioned an initiative to disperse decision-making about travel and travel is the first thing you look at and we have all constrained, I

think. It seems like over the last six years, we hit "travel," and everyone cut 30% and the Mayor said we have to get back to normal and not our people not having the expertise and then travel budgets go up. Did it go up or was it another instruction to find money in the travel budget?

Mr. Hunt: I think it has been flat lined unless there were specific training needs that involved regulation or licensing specific to the duties that you do. Those had to be included, but for the most part we just towed the line at a reduced level and also understand that a lot of training through webinar and online does not necessarily mandate travel. So where possible we have looked at training through online or bringing the trainers here, if it is more cost-effective. So we have looked at those solutions as well.

Mr. Bynum: At the professional level there are national networks that our people want to be and need to be engaged in. I go to some of these workshops and conferences and you hear from all over, it is a budget cut year. So this integral person...that is helping their community. I am sorry, enough. Thank you for the answer.

Chair Furfaro: Okay. I want to go to IT before we close out Administration. Mr. Rapozo.

Mr. Rapozo: Page 36, vacation credit payout is that another Countywide fund or Countywide line? It is sitting in Accounting, but I am assuming with that amount?

Mr. Hunt: The majority of that was moved to Payroll. It was a reduction but it got moved along with Payroll to the HR / DPS.

Mr. Rapozo: Okay, thank you.

Chair Furfaro: I am going close Administration and Finance.

Mr. Chock: Real quick question. Steve, can you...I know we are talking about workers' compensation, but in terms of page 33-34 the consultant services that you have budgeted for next year, \$65,000. Actual report on workers' compensation and claims is that what we are referring to when you are talking about the three-year index?

Mr. Hunt: What page?

Mr. Chock: Page 34. Under "consultant services." It is a big year-to-date was really low, but you have got an increase on that budget item of \$80,000.

Mr. Hunt: I believe that is actually part of the cost allocation plan. Every year we do a study that determines if...a County needs to do the adjustment in Period 13 to either a different Department or a different fund? We need a study that provides us how much is being allocated and that study is done annually.

Mr. Chock: That study was done this year?

Mr. Hunt: Yes, I believe so. I believe it is part of the budget.

Mr. Chock: Okay.

Chair Furfaro: Steve are you spreading the cost of that assessment over two years or is that going to be done in two consecutive years?

Mr. Hunt: No, the cost allocation plan I believe is done annually. Then as we do the Period 13 adjustments, based on the cost allocation plan it actually affects the budget. So what we will be doing on the study affects Fiscal 2016 as Highway Fund moneys come back to General Fund when we make those adjustments? That is incorporated into each Department's budget you will see an adjustment for the cost allocation plan. So Accounting is like a clearing house with a negative value until we actually make those adjustments.

Chair Furfaro: So you feel it is necessary for us to do the allocation analysis every year? You do? Okay. Any more questions for the Administration? If not I would like to go to IT. Steve.

Mr. Hunt: I originally planned to do Accounting next.  
Would you like to do it?

Chair Furfaro: I tell you what, it is your call.

Mr. Hunt: I think I could get through Accounting fairly quickly and get Brandon back.

Chair Furfaro: Okay.

Mr. Hunt: The mission for the Accounting Division is to provide oversight and maintain the accuracy and integrity of the County's financial system. Successes and achievements. The Government Finance Officers Association (GFOA) awarded the certificate of achievement for excellence in financial reporting to the County of Kaua'i for the Comprehensive Annual Financial Reports (CAFR) for the Fiscal Year Ended June 30, 2012. The County has received this award for the 20<sup>th</sup> consecutive year. This award signifies the County's 2012 CAFR has achieved the highest standards in financial reporting in accordance with the Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. We remain hopeful that the current CAFR will meet the certificate of achievement program requirements. Continued efforts to expand the pCard program for other commodities initially started with 83 applications and increased by 12 for a total of 95 approved applications. To date, as of this report 93 pCards were issued with the remaining to be issued upon completion of the mandatory pCard processing training. The current rebate percentage is 1.4% paid quarterly and for Fiscal Year 2013, the rebate amounts received for other commodities purchases and travel was approximately \$13,000 and \$8,000 respectively. The challenges for Accounting. Position 253 an Accountant III will have 29 years of service in July of 2014. This incumbent recently attended a retirement seminar in October 2013. The incumbent is tasked with fixed assets, cash receipts, account reconciliations, and serves as the pCard administrator for the County's pCard program. Efforts to successfully maintain cross training continue to be challenging due to short staffing and unanticipated leaves of absences. In our current operating environment there are significant operational risks. Effective implementation of cross training proves to represent an important Risk Management tool by sharing, spreading, and capitalizing individual retained knowledge in specialized functions. Due to continual

staffing challenges the goal of cross training employees and creating standardized accounting procedures continue to be challenging. The increase in leased equipment, greater pCard usage, expansion of fixed assets and general reliance on centralized accounting as a Countywide resource for accounting issues have pushed staff to and sometimes past their capacity to meet daily duties. Compliance with the continual changes in the GASB requirements and working with an older AS-400 central accounting software system add to our workplace challenges. Goals and objectives. Accounting Division's primary objectives are to report accurately all financially-related information in a timely manner and strive to promote transparency, streamline processes to increase efficiencies, effectiveness and consistency throughout Countywide operations. In our budget overview, effective July 1, 2014, the following positions with Council approval will be moved to the Department of Personnel Services that includes a Central Payroll Accountant, a Payroll Specialist, and an Accountant III. This is primarily the driver for the budget variance. Accounting's budget overall is down...\$696,527...\$557,434 from wages and \$169,087 from benefits. Also the affecting the salaries and wages, we have moved workers' compensation and unemployment compensation and vacation payout credits to the Department of Personnel Services. On the charts you will see the large negative number in operations. Again as I mentioned during Period 13 we act as the clearing house for all special funds such as the Highway Fund, Solid Waste Fund, Golf Fund, Housing Fund, and according to the cost allocation plan, we allocate those costs back to those funds.

Chair Furfaro: Please give the members a definition of Period 13.

Mr. Hunt: Period 13 is an adjustment period beyond the closing of the fiscal year. Our fiscal year closes on June 30<sup>th</sup>. The month and a half following Period 12 we have an adjustment process that makes sure we reconcile all the funds and cost allocations.

Chair Furfaro: So Period 13 shows up formally about August and it is basically for all the transactions and clearing house. Steve, of the pCards, the Council has three for travel and we have two for commodities. Of the total you gave us how many are assigned for travel?

Mr. Hunt: Of the 95 cards issued, I would have to get back to you.

Chair Furfaro: I will send it over as a question.

Mr. Hunt: Thank you.

Chair Furfaro: The nets on the transfers to HR from Finance and Accounting, when HR comes up to give us a reconciliation of this, although these people have been transferred they were decreased from another Department? Can we actually reconcile that? When is HR here, Scott? 15<sup>th</sup> of April? Maybe I will ask this question of IT when we come to the AS-400 on its aging? Questions on the accounting pieces? If not, thank you very much. We will go to IT then. So Brandon, before you introduce yourself, I want to remind us that we had agreed that we would do your Division and your CIP in one visit. I will be raising a question about the...let us say the antiquated AS-400 system.

BRANDON RAINES, IT Manager: Good morning, Council Chair and Councilmembers, Brandon Raines, IT Manager. My presentation today will be covering the

IT Division section of our Finance Department budget report and will provide a high level overview of the CIP projects relative to our Division. Within the IT Division our mission is to provide the Mayor's Office, County Agencies, and the County Council with information technology services which enable them to serve the public in a cost-effective and efficient manner by serving 5 key functions including: Provide quality customer service and expert technical services that empower County employees through the availability of accessible and useful information, as well as the use of automated systems that improve their productivity. Provide County employees with easily accessible technical support and timely responses via a centralized Help Desk function. Maintain and enhance the County's technical infrastructure to ensure reliable, efficient, and secure operations. Assist County Agencies with the procurement and implementation of new systems that will increase operational efficiencies, as well as improve the services available to our citizens. Recommend solutions and strategies that will leverage the power of technology to address countywide needs.

The last year has been a very busy time for IT and despite our limited resources we have been able to accomplish much due to the outstanding efforts of our IT members. Some highlights of our recent successes and achievements include the following: We successfully completed transition of the County Telecommunications function from IT to Civil Defense. As part of this, led negotiations to secure a multi-year maintenance agreement for the Motorola 800MHz radio system that will save the County over \$850K during the 10-year contract term when compared to the original vendor quote. This contract was the first significant multi-term contract for the County, and has established a model for other, similar contracts that will allow the County to better negotiate pricing while reducing contract management overhead. Special thanks to our Director of Finance, Purchasing Director, and County Attorney staff who helped make this possible. We provided technical and administrative support for the County's Next Generation 911 (NG911) implementation. Worked closely with the County Telecommunications Officer and State E911 Board to ensure that this project was successful. Also, played a key role on the State E911 Board to help identify and vet the world-class technology vendor that was selected to provide the State's NG911 service in conjunction with Hawaiian Telcom. At this point, the entire State has successfully transitioned to NG911 which will enable future adoption of new, public safety technologies including Text-to-911, images, video, and telematics. The State E911 Board continues to support and fund our goals of improving 911 services for all of Hawaii. Special thanks to our County Telecommunications Officer who acted as the Project Manager for Kauai's NG911 implementation. We partnered with Office of the Prosecuting Attorney to support implementation of a new, cloud-based Case Management system to improve operations and information access. Also, provided technical assistance to increase mobile capabilities for prosecutors through the adoption of new tablet applications that increase productivity while away from the office. Special thanks to our Prosecuting Attorney and his staff for continually pursuing and embracing technology initiatives to improve their operations. We completed the initial phase of project providing WiFi access for selected County meeting rooms and facilities in order to increase productivity via enabling mobile solutions. Established self-service access to this service managed through agency-assigned wireless administrators that can act independently of IT in terms of granting wireless access to their staff and guests as appropriate for business needs. Planned for additional WiFi locations to be considered, prioritized, and implemented in FISCAL YEAR 2015. Also in FISCAL YEAR 2015, WiFi access capabilities will be expanded to include secure, wireless access to our internal network for approved County employees and devices. We also partnered with Kauai Police Department to provide technical assistance required to facilitate implementation of several new automation initiatives including on-line citizen services for submitting Crime Tips (Tip 411) and

viewing Map-based Crime Activity, as well as launching the new TriTech Records Management System with Field Based Reporting and Mobile Data Terminal capabilities. Additionally, provided extensive technical support and services in preparing the new Alternate Dispatch Center. While already 911-ready, the center's capabilities will be upgraded to support full NG911 services, as mentioned above, by Summer 2014. We completed recruitment, hiring, and training for the new IT Specialist IV position specializing in networks, databases, and mobile operations. The selected candidate has over 20 years of IT experience in local government with technologies used by the County. Our new employee has hit the ground running and is already making significant contributions to move County IT efforts forward.

We face some significant challenges as we move ahead. The most significant include managing change required to move away from paper-based processes and implement next generation solutions can be very difficult due to a general resistance to change.

Chair Furfaro: Can I ask you a couple questions for a second? This new IT Specialist and so forth that has hit the ground running? Does he have a name?

Mr. Raines: Sure, his name is Dale Sherman. He comes to us from Florida.

Chair Furfaro: I am glad to hear about your recruitment efforts.

Mr. Raines: IT can help to lead the way, but will require strong support from affected agencies and stakeholders in order to be successful. Another challenge is the adoption of new technologies required to move the County forward demands additional IT effort, research, and training, thus stretching our already limited resources. Additionally, there are many needs across the County which demand immediate attention from IT resources, including everything from day-to-day support efforts to new systems implementations and statewide projects. Current responsibilities already exceed our staffing capacity, thus making it difficult to provide quality customer service and address strategic, long-term planning efforts for the County at large. Finally, projects involving new systems require leadership, expertise, and resource commitment from the department(s) associated with that initiative since they are the business owners. In some cases, a department will rely heavily on IT to define and drive the project rather than act in a supporting technical role. This can be challenging, and is not the ideal way to move forward since IT does not have the same level of knowledge or authority as senior department staff.

In terms of our staffing, we currently have 13 positions in the IT Division. We are not requesting any new positions for Fiscal Year 2015. Additionally, IT is not proposing any position modifications for Fiscal Year 2015. None of the IT positions are funded by grants, either State or Federal.

IT currently has one vacancy for position 273 – IT Specialist IV. This position is funded by IT's annual operational budget as approved by Council. Per Council's decision during the last budget cycle, this position was half-funded in Fiscal Year 2014, with salary allocated from January through June 2014 instead of the full year. Position 273 has remained vacant since before the current IT Manager's arrival in December 2010. At the time, management decided to leave this position vacant pending hiring of the new IT Manager. Starting in early 2011, an extensive review of IT staffing resources and current/future technology needs across the County was conducted in order to determine



how best to move the forward filling our open positions. This resulted in the need to rewrite position descriptions for all 3 IT vacancies which existed at the time. The new position descriptions were completed and submitted for Department of Personnel review/approval in late 2011. The revised positions, including 273, were posted for recruiting in 2012. In the case of 273, we have had major difficulty attracting qualified candidates due to a limited pool of local applicants and salary/benefit packages that do not compare favorably with the mainland. Despite several rounds of interviews and one offer being extended, the position remains unfilled. We recently completed another round of interviews in early March 2014, and have an extended an offer which we hope will be accepted. If the offer is not accepted we will work with the Department of Personnel to modify the position description again in order to expand the pool of qualified applicants. While not ideal, this may become a necessary so that we can fill the position and move forward. Our goal continues to be hiring an experienced, high-quality individual that can hit the ground running and contribute greatly to moving County IT forward.

In terms of succession planning we have no impending retirements or departures (within 2-3 years) for critical positions within the IT Division. Employee retirement plans and intentions are not always shared with management and are subject to change on short notice. However, this status accurately represents our understanding of IT operations at the time of this report.

Onto IT goals and objectives for the current fiscal year. Some of the Fiscal Year 2014 goals and objectives listed in last year's IT budget report overlapped with CIP projects that IT reports on separately. In order to avoid redundancy and improve overall report clarity for this year, the redundant items have been removed from this section of the operational report which I will cover later. Those include infrastructure improvements, Countywide document imaging and payroll / personnel.

Status updates of the remaining Fiscal Year 2014 goals and objectives are as follows: Electronic Procurement: Implement a comprehensive, cloud-based electronic procurement system to enable solicitation posting, bid submission, and award granting over the Internet to realize huge internal savings on efficiency, as well as expanded vendor partner services and conveniences. We will not complete this by the end of the fiscal year. We should be about 20% done. Some of the obstacles and challenges for this initiative include: Recent and future staff turnover in the Purchasing Division has required that key staff focus on training, transition, and succession planning. This has prevented IT for working with Purchasing business owners in order to push this initiative forward until new staff is on board and settled. Introducing change during the transition period would be problematic and has therefore been avoided. Additionally, our strategy has been to pursue a no-cost solution with a vendor that was previously identified during the research phase as meeting our needs. Based upon more recent discussions with this vendor, it appears that there may be issues that would prevent us from working with them and these will need to be addressed. I actually met with Purchasing last week and it looks like we are beyond those. So as soon as we are ready to move forward, we can go forward as initially planned. Some of the strategies to push this initiative forward include complete the staffing transition in the Purchasing Division and then resume the project once appropriate staff have been assigned to work with IT. Continue assessment of previously identified vendor to determine if their no-cost solution is viable. If so, pursue as quickly as possible. If not, continue research to identify other options.

Another initiative that we have for Fiscal Year 2014 was Forms Management & Workflow: Research, select, and implement a feature-rich forms management system that

includes configurable electronic forms, workflow-driven document routing, managed work queues, and electronic signatures. Again we are not going to be completing this in Fiscal Year 2014 but we should be about 50% done by the end of the year. While research has been completed and potential vendor solutions identified, competing priorities and operational demands have slowed progress more than expected. The need to collaborate with other Agencies on this ambitious, Countywide initiative requires more overhead, coordination, etc. than other projects which IT can handle internally. Our strategies for getting past those are to focus efforts on completing and/or re-staffing selected projects in order to free up required IT staff resources that can help to push this initiative forward. Identify appropriate resources in other departments that can be assigned and contribute input/effort to drive overall progress. Establish a cross-department working committee to handle procurement and implementation. Select an industry standard, cloud-based solution in order to minimize IT infrastructure requirements and overhead, while accelerating the implementation timeline.

Next item on 2014 goals and initiatives: Technical Service Contracts: Create flexible service contracts with key vendors to supplement our limited IT resources on an "as needed" basis allowing IT to address workload "spikes" without adding new staff. Utilize these service contracts to address our evolving needs for specialized skills not yet available in-house. Again we are not completing that this year, but we will be 10% complete by the end of the fiscal year. Some of the obstacles and challenges include and in order to further pursue the appropriate technical service contracts, it is critical that we fully understand our staff work capacity, the technical skill sets or services we require, and how best to manage vendors providing the contracted services. All of this is subject to change based upon who is hired to fill our open positions, and this remains in progress with 1 position still open. The open position (273) was half-funded for Fiscal Year 2014, from January to June 2014. Rather than invest our limited resources in pursuing these contracts now only to change them later based upon the abilities of new hires, we will resume efforts on this initiative after filling our last open position. Once that is done, we will reassess what is needed based upon the expanded work capacity and skill sets of our full staff complement. We anticipate filling the last open position in Fiscal Year 2014 which will allow us to resume these efforts shortly.

Next goal and objective for Fiscal Year 2014: Centralized Land Management Solution: Facilitate discussions and strategic planning in order to address long-standing issues caused by having multiple County systems providing land management data including the Sungard ERP System, the IAS Real Property System, and the internally developed Planning system. Establish a plan to consolidate the land management functions for these systems and their associated processes into a centralized land management solution serving all affected agencies. Determine funding and procurement requirements for next steps. We will not be completing that item this year but will be about 20% complete by the end of the fiscal year. Some of the obstacles and challenges: This initiative requires commitment from multiple departments who are primarily concerned with their own operations, and invested in different systems already in use. The required transition from separate to shared data raises concerns with data ownership, data accuracy, and related data maintenance processes. There is much work required upfront in order to scope the project and make recommendations, so actual payoff from efforts invested is longer term with no immediate benefits. Previous efforts to centralize land management have failed due to a variety of reasons contributing to a general attitude of skepticism from key stakeholders. Strategies to help move this forward: Based upon direction and support from the Mayor's Office, IT will coordinate efforts to create a cross-department task force

charged with achieving specific deliverables required to move the project forward. A formal project structure will be defined to manage progress, issues, etc.

Finally last, but not least is our *Holo Holo* 2020 initiative which is bringing County Services Closer to Home: Develop and publish a citizen technology survey to provide County officials with a better understanding of the public's perception regarding priorities and needs for how we can best serve them through technology. Identify community priorities for technology and take appropriate actions where possible during Fiscal Year 2014. Not going to be completed this fiscal year but we should be about 50% done with the project as we enter July. Some of the obstacles and challenges: Initial response to the survey was low, requiring multiple press releases in order to raise awareness and boost participation. Due to the limited response, a decision was taken to extend the survey period until the end of 2013 in order to gather more results. The extended survey period delayed subsequent phases of the project, thus pushing back the overall timeline. Strategies moving forward: now that the survey period is closed, analysis work on the results is underway. The project timeline has been reworked in order to reflect the delays and establish a new critical path with key milestones. IT will work closely with the Mayor's Communications Team in order to create public-ready documentation on the survey results, as well as associated project initiatives that are identified for implementation based upon this input from our citizens.

That is all for the Fiscal Year 2014. In addition to continue these efforts on our existing goals, we will focus on several new goals & objectives for Fiscal Year 2014-2015 (Upcoming Plans & Initiatives) The IT Goals and Objectives section for Fiscal Year 2015 describes new plans and project initiatives that will be pursued in the coming fiscal year. These items were previously reported under a separate report section entitled "Upcoming Plans and Initiatives" which has since been eliminated to avoid redundancy and improve overall report clarity from one year to the next. The following is an overview of the new initiatives we will be focusing on as our goals and objectives for the coming fiscal year.

IT Staffing Review & Recommendations: Complete a full assessment of current IT staffing with respect to daily operational needs and requirements for new, strategic projects. Identify specific issues being caused by the existing staff-to-work ratio, along with consequences of not having enough resources. Make recommendations for future staffing changes to be pursued as funding allows. Adjust staff workload allocations to take advantage of additional capacity provided by IT positions filled during Fiscal Year 2014 in order to minimize future staff requirements wherever possible.

IT Project Methodology: Create and implement a formalized methodology for projects involving technology-based systems to ensure that roles and responsibilities are clearly outlined upfront. Ensure that the methodology incorporates well-defined standards for various project-related activities such as funding, procurement, project planning, status reporting, resource allocation, etc.

IT Strategic Planning Methodology & Road Map: Create and implement a formalized methodology for Departments to assist IT staff in creating a strategic plan to address their system and technology needs going forward. The methodology will be used by IT to gather standardized information from assigned leaders in each Department and craft this into a department-specific IT plan. The departmental plans will then be layered on top of each other, optimized for alignment of commonalities, and adjusted as needed to develop a cohesive, countywide plan for all. As part of this, IT will work in partnership with departments to review all major systems and supporting infrastructure across the County in order to develop a long-range "road map" for infrastructure, applications, services,

reporting and technology. This methodology will also allow us to identify funding and staffing required to execute the associated plans.

Fiscal Year 2014 Goals & Objectives Completion: Complete all ongoing Fiscal Year 2014 goals and objectives by no later than the end of Fiscal Year 2015. Collaborate with key stakeholder departments outside IT to ensure that this happens. Address known obstacles challenges by applying identified strategies.

Finally several charts and graphs were provided as part of the budget overview for the IT Division. The Fiscal Year 2015 budget for our Finance/IT Division increased by approximately \$375,000 or just under 17%. This is primarily due to union-negotiated salary increases (\$109,000), along with additional end-of-life PC replacements required for sustaining countywide operations (\$256,000).

Are there any questions before I move on to the CIP portion of the presentation?

Chair Furfaro: Yes there will be questions. We are going to start with Mr. Rapozo then Mr. Bynum. We are talking about operational items for IT please.

Mr. Rapozo: Thank you Mr. Chair. Thank you for being here. I guess the first question, the salaries, the \$119,000. Is that Collective Bargaining?

Mr. Raines: Yes.

Mr. Rapozo: Strictly no raises, no other departmental raises?

Mr. Raines: All Collective Bargaining.

Mr. Rapozo: I do not know if you wanted go on to different items?

Chair Furfaro: Operational, we can cover his Department. We can move on. If anybody has questions about the payroll?

Mr. Raines: Excuse me, we also fully funded the position that was six-months funded last year.

Mr. Rapozo: On Position No. 273, best-case scenario, when is that to be filled?

Mr. Raines: Best-case scenario, we are looking at a start date of May 1<sup>st</sup>. If the offer is accepted, next month. If it is not accepted we go back to the drawing board and rework that description.

Mr. Rapozo: That is one position that we could adjust and if this one is not addressed we would move to six-month funding as well?

Mr. Raines: We could.

Mr. Rapozo: It takes six months to hire anybody in this County if you are going back to the drawing board?

Mr. Raines: I would say that is true.

Mr. Rapozo: I have another question on the replacement computers but if someone else has a question that is fine.

Chair Furfaro: Other operational questions? Mr. Bynum?

Mr. Bynum: Thank you very much for hanging in for the right candidate and not choosing the least objectionable of that current group. I fully support the direction you are taking the Division and I know since you have been with us you are working on the critical and important initiatives and it is really appreciated. My only concern is...and please do not take any of this as a criticism because I believe you are steering the ship in the right direction with the resources you have overall. But the resources are not enough. Our return on investment from our technological investments in the years that I have been involved in the County have been exponential compared to other investments that we have made. We are in my opinion in a crisis throughout the County of our ability to collect the data and put it in the right place, much less analyze it. That is all I am going to say for now. There is going to be an agenda item. Please take none of this as a criticism. I think you brought the leadership that we needed to right the ship and I know you are frustrated by how long things take in government. I appreciate the tenacity and your step by step forward and the initiative, I could go into each one how critically important they are, but we need to do whatever we can to expedite movement on these things and your whole discussion about the Departments. The yin and yang, bottom line is some Departments expect you to fix their problems, and other Departments conceptualize it and ask for your assistance. I will ask a question...then I will be done with this Department Chair. I just lost it.

Chair Furfaro: We will move on to JoAnn. Operational questions?

Ms. Yukimura: Yes.

Chair Furfaro: Microphone, please.

Ms. Yukimura: There is a position that is Executive Assistant to the Mayor?

Mr. Raines: That is me.

Ms. Yukimura: That is you?

Mr. Raines: Yes.

Ms. Yukimura: Okay. Congratulations on the transfer of the Telecommunications Officer to Civil Defense. A much more appropriate place and for the securing of the multi-year contract. I do not think that is the first multi-year contract though. Did we not have a multi-year contract for maintenance with our first emergency communications system?

Mr. Raines: The support agreement is renewed on an annual basis for most of our systems right now.

Ms. Yukimura: Yes, but this was way before your time. But we had a 10 or 20-year multi-year contract with Motorola for the 800 MHz system when it was first created.

Mr. Raines: It may have been before my time. Since I was here the ongoing maintenance for the 800 MHz radio system has been renewed on an annual basis. As part of negotiating Phase 2 we had some leverage to push the support prices down that they offered and go with the multi-term to lock that in.

Ms. Yukimura: Okay. I do not know what happened in the latter years, but I know we had a long-term contract when we first established the 800 MHz and I think it clearly is the better way to go than a year-to-year contract. So I am glad we are moving in that direction. Your Prosecuting Attorney new tablet applications, is that an iPad?

Mr. Raines: They are using iPads. There are several Agencies including Council that have adopted iPads for mobility solutions. The initiative with the Prosecutor's Office included a case management system they implemented which is cloud-based. The Prosecutors are often not in their office, but in court and so mobility is super critical for those guys and in addition, to the case management system, they have got Art Williams over there, who is a great addition to that team and definitely a much appreciated addition from IT who has some technical background. He has been working very closely with the Prosecutor's Office to look at additional applications on those tablets that are basically specific to their business needs. We have been working with them to make sure that we...that those...and if appropriate work to get those purchased and rolled out.

Ms. Yukimura: So is this also forthcoming for the Real Property Tax Assessors?

Mr. Raines: The new system that we will be implementing that Steve will be talking about later is an upgrade to the existing Real Property system. We will have the capability to support field-based activities through iPads or other based tablets, whichever we decide are more appropriate, but there is a component for field-based.

Ms. Yukimura: When the Council went with iPads and I guess we were the first in the County to do so. There was a legitimate concern about the support for a technology that was a developing area of our infrastructure.

Mr. Raines: Mobility will definitely be big in the years to come. Everybody is going to become more mobile. The issue with the iPad is just IT's ability to support it as a new device and operating system, as well as to integrate it due to security concerns with the Apple platform. Right now iPads are not allowed to touch the network other than through our wireless connections. That may change and certainly when tablets came out iPad was by far the best option out there, but ground has kind leveled out over time. I do not know that I would say it now, but certainly if not the top a top option. Really what it comes down to when we look at these mobility options what does the vendor support in terms of tablet options for their field-based applications? And what is best for the people doing the job? So we have to look at those types of things.

Ms. Yukimura: It is really complex to look at all of these interfaces and consider the system support that is needed.

Mr. Raines: We will be looking at iPads and other tablet-based devices or mobile devices especially with regard to that one project that I noted that we are going to expand the wireless access not only to access the internet only, but to provide secure access to our internal network. Basically allowing you to have a mobile device and sit right there and be like you are at your desk plugged into your network drives, but we have to be very concerned about security. But there is no reason that we cannot push in that direction.

Ms. Yukimura: Okay. I had a few other questions.

Chair Furfaro: Let me just make a couple of announcements here. In 15 minutes we need to take a caption break. I wanted to get to a point that we finished his questions operationally before we had to take the caption break and then come back to CIP. So who is next with questions on operations because I want to make sure that when we had the interruption, we had to take a break at 10:00 a.m.

Mr. Chock: Follow-up, Chair.

Chair Furfaro: A follow-up, you have the floor.

Mr. Chock: Thank you. I appreciate all of the direction that we are heading and the things that you are talking about coming into play sooner. I would love if the iPads were connected well enough so that we would not have to have all this other paperwork and stacks of paper. It is one of our challenges as you mentioned, moving forward. So is that currently there...I have not seen that currently outlined as one of the goals, but you speak to it. Where is it located within your budget if I was to look at it?

Mr. Raines: In terms of mobility and tablets, we have piloted that with the Council and Prosecutor and County Attorneys and look at others where appropriate as we roll out the Real Property system we will look at the tablet technologies there. In terms of getting rid of paper that you have before you, that comes down to a couple different things, comes down to wireless access which we have in the building here, but not through a secure network. There are ways around that by posting information in a cloud-based file system. We could do that now, if we so choose. I would be happy to talk further to folks, but for instance the Prosecutor's system is cloud-based and their tablets allow them to have that in court. We can look at it now, but the next step is allowing you to keep those documents on the secure drive on our network and accessing them directly. So there are options to address that now, but there is also going to be more integrated options as we move forward and that is part of the wireless initiative that I spoke to.

Chair Furfaro: Okay. Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair, on the replacements of the computers, what happens to the old computers?

Mr. Raines: The old computers we auction where possible. I admit we have very few takers and they end up being recycled with E-waste.

Mr. Rapozo: Really?

Mr. Raines: Yes, there are not too many takers for 5 plus-year-old personal computers (PCs) with technology and we have even offered to donate them to school and they have better PCs at this point.

Mr. Rapozo: So typically it goes to E-waste?

Mr. Raines: We do try to auction them first.

Mr. Rapozo: We do?

Mr. Raines: Yes.

Mr. Rapozo: I have not...five years ago would be the last time that we had an auction for computers.

Mr. Raines: It is on an annual basis.

Mr. Rapozo: Really?

Mr. Raines: Yes, we have end of life PCs and they are staggered. We did not buy them all at the same time.

Mr. Rapozo: What do we typically get for a computer?

Mr. Raines: You are lucky if you get \$100 for a computer, including the monitor and everything.

Mr. Rapozo: Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Yes, your technical service contracts, I am not sure I really understand what you are doing here.

Mr. Raines: Okay. Technical service contracts when we contract for technical services, it is kind of a one-time deal typically. You need the service, we go contract for it. Then we have to go through that whole process. What I am more interested in doing with it and actually at the County at-large at some point is to look at ways that we can build these multi-year contracts with dependable vendors, where we kind of do a catalog built into the contract and say these are the service has we will contract with you and here are the prices, almost like a State pricing list. Then we say our best guess when we come to budget before Council is we will need \$10,000 against that for services and we get approval. That means that we can...without writing any more contracts for any service that we need we just bill against that contract and couple them up and ask for the service and they bill it and at the end paid because we have the contract generic. If we make that annual with options to continue that really simplifies the process of doing one or two into more of a catalog procurement situation.

Ms. Yukimura: It sounds like something that I have looked at for the Planning Department when they need some historical preservation consultation or



shoreline coastal or need some resources to either evaluate something or respond. That they would be able to drawn on an ongoing contract.

Mr. Raines: That is what I am looking to do for IT services. The procurement in particular depends on what you are trying to achieve and every procurement situation is different. So I do not know if I can talk to Planning, but that is what I am trying to do for IT services.

Ms. Yukimura: Thank you very much. That sounds good.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I remember my one question because I committed to ask it every year until I get a different answer. How many dedicated employees do we have for GIS?

Mr. Raines: One.

Mr. Bynum: How many are we proposing for next year?

Mr. Raines: 1.5.

Mr. Bynum: 1.5, seriously?

Mr. Raines: Yes, part of 273's responsibility is GIS.

Mr. Bynum: That is creative. No new positions.

Mr. Raines: Well, we have to do what we can and fill what we have.

Mr. Bynum: Is it not true that GIS has a huge return on investment in terms of productivity and even money?

Mr. Raines: I definitely agree with that, yes.

Mr. Bynum: So I could ask for an analysis, like I have in past of the GIS support that other Counties have versus us and what I have heard for the last year and a half that the 911 project just took all of the energy. This guy Garrett, who is so important to so many people, he got a triage. He is a human being, right. Is that true? Does that happen this year that a priority 911 project delayed other important projects?

Mr. Raines: Over the past year, and it is decreased to the point now where things are pretty much in line, but there is still work going on with the 911 project, but it was pretty intensive for the past year. We are coming out of that now and many things have been resolved that will free up some of Garrett's resources. While not 100% it is a significant chunk of his time. So it does delay other things.

Mr. Bynum: I really, really appreciate the Mayor being here, but I do not know why we have not recognized the value of this system. Our Departments are clamoring to be part of it. I am here 7 or 8 years after IT gave me training and saying this future of how we handle data and how we make us more productive and how we make

wiser decisions. I am done preaching. The answer is there is no additional support, other than that you hope to get this individual...that is kind of an administrative, technical person. It is not new resources coming directed at GIS and I hope you get that individual. It is a good plan and I like it, but I wish we were making the commitment to GIS and this kind of support in a much more strong fashion than we are. Kind of like okay we got Brandon and this key position and he is smart enough to hire the right people and this that has delayed some things and this project needs our attention right now and everything else kind of sits around. I watch this stuff every day. I know what is happening.

Mr. Raines: The next step in my opinion with GIS is to formulate a strategic plan for the County at-large and look at where we are today with GIS and where we need to go in and put out more or less a roadmap get from point A to point B, as well as the resources needed to get us where we need to be as a County with GIS? Your point about resources is well-taken, certainly the resources in other Counties for dedicated GIS resources are larger than what we have, substantially larger. So that is something that we need to look at.

Mr. Bynum: Magnitudes of 5 or 10.

Mr. Raines: I would say once we can develop that strategic plan, then my goal is first to fill my open position and get a little bit more bandwidth on that. Because right now it is hard to build a strategic plan when you are doing day to day, but once that is done, to make that a priority and then look at those resources.

Mr. Bynum: Here is my last knit picky thing. You do not like iPads and you do not want to incorporate it.

Mr. Raines: Not necessarily.

Mr. Bynum: This iPad and I come in here and some of us have begged to just get WiFi in here. We got WiFi. My WiFi at home, when I walk in and everything I own connects to it automatically. I come here and it does not. I have to log in with a long password. Then it drops it in an hour. Why can we not have an iPad that connects to the WiFi when I walk into the building? Why can we not have WiFi for the visitors of the building? Simple service stuff. Why can we not put a router up there that does not touch our thing and let citizens use the WiFi when they use our campus. Why can I not use the WiFi on the iPads supplied by the County without having to log-in every hour? These are just user-friendly things. You do not have to answer.

Chair Furfaro: Brandon, that will come over in a question.

Mr. Raines: I would prefer to answer it right now.

Chair Furfaro: I would prefer it in writing.

Mr. Raines: Okay.

Mr. Bynum: I think you have done an outstanding job with the resources that you have, being pulled by me and a whole bunch of other people to go in other directions so thank you for your service.

Chair Furfaro:  
Hooser you have the floor.

That will come over in the form of a question. Mr.

Mr. Hooser: Brandon, thank you very much for your presentation today. I have not asked a lot of questions because I really...from what I can tell you and your Department, the people helping you are doing a great job. It is easy to forget, because you guys are behind the scenes, but you virtually...not virtually, no pun intended, but you virtually touch every single operation here and none of us could do our job without your support and your knowledge and your diligence. So I just wanted to thank you for that. As the discussion did progress, I could not help, but think whether there is potential for income production and if you could give that some thought, at some point in the future is it possible to generate income from the services? Whether it is adding on to other Departments that people pay fees? What about charging for people using WiFi. Just a thought, sometimes \$2.00 here, \$2.00 there, sometimes I will go to the airports and there will be the WiFi but it costs me \$2.50 to get on or something. It does not sound like a lot of money but over time some of this adds up. Just the value that you and the people you work with bring to the County, there might be opportunities there. So I just ask you to think about that. Perhaps in the future the County can explore that as the County has the legal authority to charge fees and I do not think that people in this building should pay to get on WiFi, do not get me wrong, but if there are some other opportunities and if you have comments on that?

Mr. Raines: Paying for services can definitely be a model that has been used successfully across the country. We have that particular question and inquiry on our public survey in terms of additional services that people want to see in addition to whether or not they would be willing to pay for? You get that on Kaua'i, I would like to pay that services, but do not want to pay. It does not mean that we should not pursue it, because there might be more options, the demographics of the island changes all the time and maybe the folks willing to pay do not even know about it. One other thing we put out is would people be open to having at least in some limited fashion advertising on the County website? Some sort of limited capacity? We will see where that takes us in terms of citizen feedback.

Mr. Hooser: Thank you.

Mr. Raines: Yes, there are options for sure.

Mr. Hooser: Thank you very much.

Chair Furfaro: I will give the last question to JoAnn before we take a break here.

Ms. Yukimura: So I really concur with Councilmember Bynum's identification of GIS system as being really important and when I was Mayor, we formed...we created a GIS position in Planning with post-hurricane moneys. But we were so naive back then, and it seems clear that this strategic planning process that you are suggesting that we embark on would really be the way to go to develop from a good foundation the process. So you say in your plan that you are going to finish 2014 projects by 2015. The central land management is not going to be done next year.

Mr. Raines: The goal by the end of 2015 is to have the plan and assess the resources and the costs and bring that to Council for next budget. So IT can

achieve that. There is ways to move it forward with the staff and resources that we have right now. That is great, but it is going to take many months to get all the parties together and coming up with the plan and get agreement.

Ms. Yukimura: Right. So you are talking about the strategic plan?

Mr. Raines: Right.

Ms. Yukimura: It is ironic because that is what we were expecting from the Department of Transportation, for their long range transportation plan. Something that brings all the stakeholders together, looks at the problem, creates a long-range vision, cost it out, and enables us to go forward long-term. So I fully support that and I see that is a great thing that you are doing. But the centralized land management solutions, which is a 2014 project, which is the GIS project. Are you...I am not clear how this is your sort of pre-strategic plan formulation and you are going to incorporate it into the strategic plan is that what I am hearing?

Mr. Raines: Right.

Ms. Yukimura: Okay. So the centralized land management plan will not be finished next year?

Mr. Raines: Basically when I looked at 2014 our current fiscal year, all of those things listed in the report, the things that we are carrying over to this fiscal year, those are the things that I plan to get done in 2015 and that is where respect to the centralized land management solution, that is facilitating the discussions and the efforts to arrive at the strategic plan and document that in terms of what we need to do. What it is going to take to get...what it is going to take to get us from point A to point B with that initiative? If we need to, to come back to Council next year as part of the budget session and say, look, what we really need is a new consolidated system that everybody can hop on board and we are going to get rid of these other things. Maybe that is the solution.

Ms. Yukimura: You do not know yet?

Mr. Raines: I plan to know that before I come before you next year. That is my goal. That is my goal to finish.

Ms. Yukimura: All right. I understand. Thank you very much. That is an excellent approach, I think.

Chair Furfaro: Brandon, what I would like to do, it is 12:00 p.m. and I would like to take the caption break and have the members back at 10 minutes past 12:00 p.m. and I would like to dedicate the time before we go to lunch towards your CIP.

There being no objections, the Committee recessed at 12:02 p.m.

There being no objections, the Committee was called back to order at 12:16 p.m., and proceeded as follows:

Chair Furfaro: We are back from our caption break and Keith is with us as well and we would like to talk in terms of your four or five CIP projects that are outlined.

Mr. Raines: There are 5 projects assigned to the IT Division in the CIP budget for Fiscal Year 2014. The summary table that I provide in the report provides a high-level status, Fiscal Year 2014 funding amount, funding source for each of the projects and the projects include planning, zoning, engineering system, that is actually our electronic plan review initiative, document imaging program, IT infrastructure improvements, payroll / personnel system and 800 MHz radio upgrade Phase 2 system transferred to Civil Defense. Brief discussion on project status and activities. Progress on CIP projects assigned to IT has been generally slow over the last fiscal year. This has been due to a lack of IT resources caused by open positions, as well as increased demands from other competing initiatives across the County. Additionally, it has taken longer than anticipated to reset the direction for some projects. The following details are provided as an executive level update.

Planning, zoning/engineering system: Following approval of the Fiscal Year 2012 budget, these CIP funds were allocated to pursue a solution for Electronic Plan Review (EPR). The new Electronic Plan Review system, or EPR, is now in place. EPR was implemented as a cloud-based solution allowing the County to leverage vendor-hosted infrastructure and services in order to accelerate the project schedule while minimizing IT overhead for maintaining the associated hardware/software on premise. EPR provides an on-line repository of plans, allows citizens to submit plans electronically via the Internet, automates internal/external workflows associated with plan review/approval, and provides efficient email communications/notifications between County plan reviewers and citizens. At this point, IT continues to work with Public Works Buildings and other affected agencies to review/improve processes as we progress toward going fully paperless. During the second half of Fiscal Year 2014, we will be upgrading EPR to new version that will provide improved user functionality, expanded browser support, and limited support for the Apple/Mac platform. There is approximately \$44,000 remaining in the allocated CIP funds for this project which will be used for supplemental implementation services and expanded automation. These additional considerations include adoption of on-line permit applications and on-line permit payments, as well as implementation of revised or EPR workflows to further optimize operations.

Document imaging program: Following completion of Phase 2, this initiative was redefined based upon lessons learned from previous phases and review of industry best practices in order to ensure greater success going forward. Subsequent phases of the project will resume fully in late Fiscal Year 2014 following completion of a formal agency needs analysis including standards for scanning processes and storage, as well as identification of any gaps in required scanning equipment. IT has developed an assessment tool that will be used to complete this analysis and help prepare departments for moving forward. Candidate departments will commit to scanning all current documentation and resolving organization/access methods prior to moving forward with any contracts to scan their document backlog. Use of contracted services will be focused on scanning the most recent backlog first and work back in time, thereby eliminating expenditures for scanning older documentation that need not be maintained according to the applicable retention schedule. As part of the Fiscal Year 2015 budgeting process, the funds allocated to this project have been reduced to approximately \$250,000 in order to support other priorities. These funds will be sufficient to complete scanning work for 1 or 2 departments before requiring additional funds to proceed with others. IT is currently working with the CIP manager to

facilitate the departmental readiness assessment, and to identify the next departments that will move forward with backlog scanning.

IT infrastructure improvements: The scope of this project was expanded for the Fiscal Year 2013 budget cycle to include deliverables addressing Critical Maintenance, Improved Access to Information & Services, Architecture Foundation Improvements, and Scanning Capabilities & Paper Elimination Solutions. There is approximately \$300,000 remaining in the allocated CIP funds for this project which will be used to pursue the listed infrastructure maintenance and improvements required to move the County forward. Fiscal Year 2015 infrastructure projects are expected to use the remainder of these CIP funds. While Fiscal Year 2014 progress has been slower than anticipated due to limited resources, there have been some key achievements on this project. We completed implementation of an improved Disaster Recovery solution for the County's Sungard ERP System (AS-400), and assisted Real Property in pursuing a hosted, software-as-a-service upgrade for our Tyler IAS Real Property Management System. The IAS upgrade will also improve Disaster Recovery capabilities by leveraging vendor provided infrastructure and services. We extended existing fiber network to support connectivity with new KPD substations in Waimea and Kapa'a. Leveraged the existing state franchise agreement where possible to minimize County expenses required for these extensions. We upgraded countywide backup system to add required capacity for growing needs, and improve overall performance/capability. We completed assessment of email system issues with expanding storage requirements, data retention schedules, and the need to access historical information. Established a plan to pursue required archival functionality along with related policy changes to be completed in Fiscal Year 2015. We implemented a modern, virtualized server environment to provide better performance, flexibility and redundancy for all server-based functions while requiring less overhead for ongoing maintenance. Additional work is planned for Fiscal Year 2015 to complete transition of older servers into the virtual environment, expand storage/computing resources for new projects, and improve overall management capabilities related to the virtual management environment. We Initiated research and planning efforts required to overhaul our network security and management capabilities with a single, comprehensive solution. This will help to improve network performance, create further redundancy for ensuring stable operations, and provide additional security features to assist with protecting our network from outside threats.

Payroll / Personnel System: IT previously recommended that the County pursue a comprehensive, integrated solution to address HR/Personnel, Payroll, and Time & Attendance. In order to facilitate this process, IT recommended that we utilize a third-party consultant to assist the County with identifying strategy, business requirements, integration, interoperability, and next steps with the HR/Personnel and Finance/Payroll departments. Due to fiscal constraints that would preclude purchase of a new system with an estimated cost over \$1,000,000, the Director of Finance made the decision to pursue an integrated solution by leveraging our existing systems with add-on modules and minor software customizations applied as necessary to meet the County's business requirements in the affected areas. Additionally, an internal task force headed by the Deputy Director of Finance was created in order to move these efforts forward based upon our in-house knowledge of the systems, processes, business requirements, and challenges. The task force includes representation from HR/Personnel and Finance/Payroll, as well as support from IT. 2013 work efforts on this project were focused on supporting HR/Personnel efforts to modernize their current, transactional recordkeeping and reporting processes by leveraging our existing Sungard ERP Payroll/Personnel system. Additionally, there have been efforts applied to improving our current Payroll process through automation, audit reports, and

code standardization. We have also initiated work on an interface that will integrate the NeoGOV recruitment system with the Sungard ERP Personnel record keeping function. Finally, the task force has been able to identify specific project priorities required to pursue an integrated solution. Despite the time and effort invested by our task force members, there has been minimal tangible progress made as we head into 2014. This is due to several factors including operational transition for the new HR/Personnel Department, systemic issues with the Payroll process involving multiple agencies, minimal commitment/consensus to implement changes required for improved automation, conflicting perspectives of affected agencies, and the lack of a definitive project definition with clear accountabilities. In order to pursue HR/Personnel automation, we must complete a detailed strategic plan for how this department will manage their expanded operations, and then transform that plan into specific business requirements that can be used to drive change. Following this same process and creating similar documentation for the Payroll function is required in order to look at future system improvements in that area. Given the significant overlap in required information for these functions, it will be necessary for HR/Personnel and Finance/Payroll to partner together on establishing next steps, along with determining how these functions will interoperate within the County's environment. As part of that effort, consideration must be given to an automated Time and Attendance solution that supports both areas, as well as creates employee time accountability and efficient cost distribution countywide. As of February 2014, the task force leadership was transitioned from the Deputy Director of Finance to Janine Rapozo (HR Manager) and Brandon Raines (IT Manager). Additionally, the Fiscal Year 2015 budget requests Council approval for a reorganization that would transfer the Payroll function from Finance to HR/Personnel. This change will provide a centralized management structure for these heavily interdependent functions, and help to ensure a smooth transition toward an integrated solution. Project structure is currently being reworked with priorities that include improved/integrated automation for the Personnel and Payroll functions in Fiscal Year 2015, with Time & Attendance automation to follow in Fiscal Year 2016.

There remains approximately \$387,000 in CIP funds allocated to this project. At this point, we anticipate that this funding should allow us to achieve the project goals and timelines stated above.

**800 MHz Radio System Upgrade Phase 2:** As part of the Fiscal Year 2014 CIP budget cycle, Council approved funds required to complete Phase 2 of upgrading our mission critical public safety telecommunications, the Motorola 800MHz radio system. This is the second phase of a 3-phase project to upgrade our critical public safety communications infrastructure and achieve P25 compliance. The upgrade will result in a robust, modern architecture that is compliant with the latest interoperability standards for supporting the County's emergency response operations. This project is now being managed out of Civil Defense as part of the Fiscal Year 2014 restructure that moved the County Telecommunications function from IT to Civil Defense. While Civil Defense will present a more detailed project update during this year's budget hearings, we are happy to report that the implementation is going very well with an anticipated cutover date of June 2014.

To close, our Fiscal Year 2015 CIP Project Recommendation (Cashiering System Upgrade - iNovah). The County's existing cashiering system has been in place for an extended period of time without being upgraded to newer versions, and has reached end-of-life with no further support being available from the vendor. This situation prevents the County from improving operations with the vendor's ongoing product releases which are only available for newer software versions. Additionally, the current version of the

cashiering system is not compatible with newer versions of the Microsoft Windows operating system which is preventing us from upgrading the associated workstations to the current County standard of Windows 7. IT must be able to upgrade all County workstations to Windows 7 in order to maintain ongoing support from Microsoft. The cashiering system is used by Motor Vehicle Registration, Real Property Collection, and Driver Licensing to support various revenue collection activities including: real property taxes, motor vehicle registrations and tags, sewer fees, landfill fees, and other miscellaneous payments. As part of the initial implementation many years ago, the County worked with the vendor to implement various complex customizations and interfaces required for integration in our operational environment. Due to the highly integrated nature of our existing system, we plan to pursue an exempt procurement that will allow us to seamlessly upgrade the existing system to the current vendor's most recent cashiering product offering – iNovah from System Innovators. The new version of the cashiering system will be browser-based providing cross-platform compatibility and minimizing resource requirements for end user workstation. Upgrading to this web-based software platform simplifies software maintenance activities by centralizing installation at the server level and enabling automatic client updates for workstations. Both the software and architecture for iNovah are compatible with County IT standards allowing us to leverage resources in our new virtual server environment. Finally, the upgrade will provide additional layers of security to further protect sensitive data while also moving the County to a solution that is VISA-PABP certified. This certification is required for the County to consider over the counter credit card payments in the future. The scope of the project includes all software and implementation costs required to upgrade from our current cashiering solution to iNovah, as well as services to migrate/maintain the existing customizations, interfaces, etc. that are specific to our County operating environment. Estimated cost for the project \$180,000. That is all I have.

Chair Furfaro: Thank you very much for some very, very complete narrative and I am going to let our questions session go the next 15 minutes, because I want to end with you, so you can get back to work before we go to break, okay? Let me ask you, currently, do our cashiers have cashier contract agreements?

Mr. Raines: I will defer to Steve.

Chair Furfaro: Just a simple yes or no?

Mr. Hunt: I am not sure.

Chair Furfaro: I will give you a sample of one, if we do not have one. We have got a lot of people handling cash transactions and so forth and they should all have cash contracts. On the time and attendance, since the last time we talked about, I asked if anyone from the team could go over to my old hotel and get an evaluation of a time and attendance system, has anybody gone?

Mr. Raines: Not to my knowledge.

Chair Furfaro: Okay. Just so you can see how it works, by department, maintenance, plumbers, house keepers, cashiers, front office, okay? How much of this money is carryover and for how many years?



KEITH SUGA, CIP Program Manager: Keith Suga, County CIP Manager, Chair for this particular item the initial bond issuance that funded this project was 2005, so I believe from at least from then.

Chair Furfaro: Nine years.

Mr. Suga: Yes.

Chair Furfaro: Okay. How much of a priority do we have in the one project...I think I have the most interest in right now is the electronic planner review. That is the higher of the five projects? Where is that in the kind of status?

Mr. Raines: The system is up and live and going. It is actively working with our Public Works Building Division and other affected agencies to look at process and procedure that will help us basically further move us to 100% paperless options. That is definitely high on the list. The payroll personnel project is high on the list with a cross-departmental task force, including myself, helping to lead that up.

Chair Furfaro: Let me know if you want to see an actual time and attendance system. I will be glad to go over there and see if I can arrange to have lunch at the employee cafeteria. It is something that I mentioned last year and I would like to make sure that we have an understanding of a system that is working. So that and the electronic planner review. Those are pretty high priorities, huh, Brandon?

Mr. Raines: All of these are high priority as we work on them, but those are definitely two of the high priorities.

Chair Furfaro: Some them have been there for nine years and I want to know how high in the clouds are they? But the electronic planner seems to be, to me, and the payroll time and attendance seem to be the two highest for me and sounds like the electronic planner that you are getting a lot of attention from Public Works and Planning. When would you see the best evaluation of it being functional for the citizens?

Mr. Raines: I believe it is functional for the citizens right now. I believe that some of the challenges that we are...

Chair Furfaro: Functional...let me correct you functional and departmental accountability and reliable? I mean are we still doing training?

Mr. Raines: We will be doing another set of training when we upgrade to the new version. As I mentioned, later this fiscal year and there will be a training that involves not only internal staff, but our citizens. We are going to do some open sessions and inviting everything that we can using the EOC facility to revitalize it and get folks on board. There were some difficulties or some growing pains when it first came up one most of those with hosting environment and performance issues and those have since been resolved and we are on board in terms of citizen access and performance and I think the other challenges include documentation, awareness, and we are working with our Public Works Building folks to look at the information that is available on the County website and improve that, enhance that. There is a good model for us already in what the City and County of Honolulu is doing. So we will be looking at that very carefully. We are also very...we are in touch with Bend, Oregon and others who have implemented this successfully. Bend, Oregon is an organization that went paperless with electronic plan

review within a two-year time span. I think it is going to take us a little longer. We have some things that we can learn from them with our process and procedures perspective that will help our internal tracking, accountability, and overall speed.

Chair Furfaro: Who makes up this team on this version of it? Who are the key players before we say it is ready to implement 110%? Have we provided maybe an opportunity for contractors and the public to get trained? Who is that team? Who is that team, Brandon?

Mr. Raines: Ron Darville in Building and Eric Inouye in IT and myself and Doug Haigh from the Building Division perspective are keeping close tabs on how things are going and making recommendations. In fact we had a joint meeting last week to talk about where we need to go and next steps and plan for the next upgraded version and use it as an opportunity to reengage with the public.

Chair Furfaro: When we say this "next version," are we like at version 3?

Mr. Raines: Version 7.7 going to version 8.1. It is a major upgrade with some user-interface improvements and that is why we are doing retraining. Other version upgrades may not require any retraining it is just more of maintenance and ongoing improvements.

Chair Furfaro: So for a guy like me, Version 7.7 and now going to Version 8.3 what exactly does that mean?

Mr. Raines: That basically means that your user-interface screen, because it is all browser based. You are at home, you are an architect, you are uploading plans, you are getting communications. All of that will continue to be the same way. However, some of the screens that you used day in day out are going to be different...different enough to warrant more training to go through those. They are improvements in work flow, should help not only the performance of the system, but the performance of user as they work through the software. There is also some browser compatibility and supporting more browsers and limited support for the Apple Mac, so all of these things, plus just a way to reengage with the community and layout what we plan to do between now and those trainings later this year in terms of online documentation and just internal processes and procedures and go over with that to show them look we understand it has not been a smooth transition, but we appreciate your support and this is the way to go forward that will be better for all of us.

Chair Furfaro: You definitely have our support. We just want to know, would you be like having a gathering of contractors, architects, and planners? Some general community training?

Mr. Raines: Yes.

Chair Furfaro: Okay. When do you see that happening?

Mr. Raines: I see that happening in the summer time frame. I am hoping to get that done in the June / July timeframe. Right now we are trying to book resources with the vendor, so they can come out and do the training in-person. That is what it will be contingent upon is that schedule.

Chair Furfaro: For the Project Managers and so forth, we have this training built into the budget for the vendors to be here on-island?

Mr. Raines: Yes we are all covered.

Chair Furfaro: Great. Okay. Thank you. JoAnn, you have questions?

Ms. Yukimura: I do. This is a really excellent report describing awesome performance, in my opinion. I am seeing a really complex, huge system issues being addressed so well. Under your document imaging program, your first sentence "following completion of Phase 2, this initiative was redefined based on lessons learned from previous phases and review of industry's best practices in order to ensure greater success going forward." I mean, we so often forget those two steps. I think there were huge problems with the first two phases. So I am so glad that we have looked at that, learned from that, looked at best practices and are proceeding on a strong foundation. So thank you very much for that work. Even shaking loose \$250,000 for other projects because of your timetable now. That is just really excellent. Then under your "payroll / personnel" system which I and the Chair are so glad that we are moving ahead on this. You have here, "due to fiscal constraints that would preclude purchase of a new system with an estimated cost of over \$1 million, the Director of Finance made the decision to pursue an integrated solution by leveraging our existing systems with add-on modules and minor software customizations, applied as necessary to meet the County's business requirements in the affected areas." This is phenomenal. I am sorry to keep referring to them, but this is what the Department of Transportation needs to do too with their long-range land transportation system. They just cannot say we cannot afford it. This is really true. This is what they need to do and you are modeling it. Thank you very much. You are looking for an integrated situation and using whatever you have and you are going ahead to meet the needs that we have to meet. Just really thank you on that. I wanted to ask about your cashiering system and your cashiering system, instead of the Council pointing out for ten years that you need to do something, you are identifying some real problems and proactively addressing them. So that is another real plus. But I am wondering about the other cash systems that are involved in the County, like Sewer and Solid Waste fees? Although, they may not be cash. I do not know. And the Golf Course. Is there a way to pull in these cash systems? Or not? Because I am especially worried about the Golf Course system, you know? Which is way kind of out there, physically.

Mr. Hunt: In terms of the cashiering system, this is a standardized cashiering system that is going to be used at all points that we collect cash. One of the main reasons we are having to and not just cash, but all transactions that involve payment, but one transition problem that we are having...I believe it is April...Windows XP essentially becomes obsolete. We no longer get service for anything that comes up, which granted there may not be any system failure, upgrades, or anything that comes between now and the implementation of the iNova Version 7 or Windows Version 7. But that is something that we cannot take at-risk for too long. It is really mandatory conversion for us on the cashiering system so that we can continue to get support and updates on our cashiering modules where cash transactions are taking place.

Mr. Raines: Now the Golf Course I am happy to say, as of last week, they are no longer out there. They are actually on our fiber network finally after

however many years it is been. They are connected. So it will help connect that cash point to the rest of the County.

Chair Furfaro: Good job. Good job.

Ms. Yukimura: All right. Well, you know, you are sort of deflecting something of my compliments by saying that you are forced to do this by Microsoft XP going out, but actually in the past, but others would have been coming to us when it expired and we would not have any plans. So thank you very much.

Chair Furfaro: Any other questions here before we break for lunch? Mr. Bynum?

Mr. Bynum: Just to acknowledge the fix on the scanning stuff. I think we are going to end up redoing some things because it was not done properly and it is really important. Thank you. Along the lines of what JoAnn said, it is like a lot of these are issues that you are addressing are things that we identified over last several years, and Councilmembers want to say, "see I told you." Good thing you are doing it. Any logical person would look at that and come to the same conclusion. You can take credit on your side that you are actually putting these things in place. Thank you.

Chair Furfaro: Well, I would like to say Steve, Brandon, and Keith, thank you very much. At the end of the day, it is going to be beneficial for all. I want to thank you for your good work. We are going break for lunch now. We will be back at 1:45 p.m. starting with the Treasury, Motor Vehicle Registration. Is that the order that the Administration wants to follow? Thank you, 1:45p.m.

There being no objections, the Committee recessed at 12:45 p.m.

There being no objections, the Committee was called back to order at 1:49 p.m., and proceeded as follows:

Chair Furfaro: We are back from our luncheon, and I believe Steve the way we left it, we were going to go to Treasury, Motor Vehicle Registration, Driver's Licensing, is that where you are at?

Mr. Hunt: Correct.

Chair Furfaro: Good. So is there anyone that you want to bring up or you just want to start the narrative?

Mr. Hunt: I will start the narrative and I have Dave Spanski, County Treasurer here if there are follow-up questions relating to liquidity or other issues.

Chair Furfaro: Let me make one announcement. The camera may have been off when I talked about the absence of Councilmember Kagawa. He is on an excused absence and I just wanted to read that into the record. Go ahead, Steve.

Mr. Hunt: Jumping in, Treasury and Driver's Licensing, and Motor Vehicle Registration are all under the supervision of County Treasurer Dave Spanski. Although they are three separate Divisions I am treating the report as one report

and I have a detailed breakdown of the financial budgetary requirements but as far as the way it functions it runs up through the County Treasury so that is how the report was prepared. The mission of the Treasury, Driver's Licensing, and Motor Vehicle Registration Division is to provide prudent financial management, Motor Vehicle Registration and Driver License services to the people of Kaua'i and the government agencies (County, State and Federal) that we serve.

Successes and Achievements. First we moved to Print of Demand (POD) program for all registration renewals only. Whenever a registration renewal is processed, the system will print out a registration and emblem. The emblem number will be the license plate number of the vehicle being renewed. This is cost and time savings effect as we do not need to purchase as many emblems and we do not need to manual stamp the emblem number and staple the issued emblem to the registration, especially for mailed in renewals. It is also a deterrent for emblems being stolen from vehicles. The vendor for this program also supplies the printers, printer ribbons and blank registration/decal forms. The forms are such that a regular No. 10 envelope can be used to mail out processed registrations. Eventually, this system will be utilized for all other motor vehicle transactions whenever an emblem is issued. The REAL I.D. (Act of 2005) – commencing May 11, 2008, full compliance was achieved on August 27, 2013 to balance Department of Homeland Security's (DHS) responsibility to ensure that driver's licenses and identification cards intended to be used for official Federal purposes meet certain statutory and regulatory requirements. "Official purpose" as defined in the Act and the regulations includes, but not limited to, accessing Federal facilities and boarding Federal regulated commercial aircraft. Facility infrastructure upgrades, including security cameras, motion detectors, entry/exit devices, etc., at DMV locations, modification of facilities to limit public access to sensitive equipment and card production materials storage locations, and the addition of upgrades to security alarms, doors, or other electronic detection equipment. Upgrades of IT infrastructure or systems overhaul (including modernization of IT systems to ensure all in-State DMVs are interoperable), software upgrades to improve the ability to protect personal identity information, and ensuring the ability to use electronic immigration verification system. Document security enhancement, including the development of more tamper-resistant documents with enhanced security features, and the use of facial recognition software to detect a person with multiple identity documents or social security numbers. Equipment upgrades, including document scanners, high-resolution digital scanners, and high-speed printers, and Reengineering of business practices, including converting to over the counter issuance to a more secured central issuance process, minimizing the potential for insider fraud.

The Legal Presence (Act 38, SLH 2010 and Sec. 19-122-305 HAR) – enacted by the State to comply with the REAL I.D. ACT. This requires that the county examiner of drivers to verify that a person applying for a driver's license is legally present within the State by providing evidence of lawful status, and ties length of stay with the Hawai'i learner's permit, driver's license, and state identification card's expiration date. Act 310, transfer of State ID (SID) function to respective County's Driver License Department, effective January 02, 2013. The Motor Vehicle Registration division processed over 126,000 transactions in Fiscal Year 2013. In addition to registering trucks, vehicles, and motorcycles for the public, all island car dealers and rental car companies, the MVR division also issues bus passes, collects sewer payments, issues and collects solid waste tipping fee coupons and payments, collects commercial refuse payments, and registers bicycles and trailers. MVR is also responsible for assembling the cash receipts as well as retaining the payment records. Remarkably, all of this is done with a staff of only 10 employees which explains why there are often long customer lines at the MVR division.

If I could answer your question regarding the cash contract. We do not have a cash contract. Each till is started with \$100 at the beginning of the day and then they reconcile at the end of the day. There is no contract. The only contract is their position description describing what they do. The job description itself...but no other contracts in terms of cash management.

Chair Furfaro: I will still give you a policy you can look at. Whether you use it or not is your decision.

Mr. Hunt: Moving on to the challenges. Staffing, particularly in Motor Vehicle Registration, there have been some attendance issues by a few employees. Management has actually taken a very proactive step in dealing with this. They met in advance with some of the union personnel to find out what the options to encourage better attendance and not take advantage of sick leave. I am happy to say that since that meeting, attendance has improved in this area. Which again is something that affects morale of those who are surrounding as well as productivity. To the degree that we can, we are trying to control that. There are still certain peak periods of day, specifically around lunchtime as during the month, usually first and last days of the month and now holidays before-and-after holidays are becoming more busy, where the peak processing time creates some lines. We are trying to find a balance providing the public with quality customer service and servicing our internal departments with timely reports and that continues to be a challenge. In addition, to the increased volume of documents processed the number of unfunded Federal and/or State government mandates has led to additional requirements or processes for the County. In sum, all of these factors have certainly taken a toll on the employee morale. I have and this is sort of an aside, but something that relates to the whole Department of Finance, I have taken time to meet with all of the non-supervisory employees during 15-minute interviews. There were 61 interviews that I did to assess from the employees what their major concerns were and pose them with the questions if they were Director of Finance for the day, what would they do to improve their working environment? From those we have subsequent follow-up meetings with the supervisors to look at ways to enhance what we do. One recommendation that came has do with the cooperation between Real Property Collections and Motor Vehicle Registration because both have peak periods and often they do not coincide. So items like notary, we are sending some of the notaries to Collections during Collections slow period. Again we are trying to find ways to better utilize the staff that we have and alleviate some of the lines that we see at Motor Vehicle. But again, I do not think at peak times we are still going to have issues during the daily and monthly peak times.

Chair Furfaro: My compliments for you taking 61 interviews of line staff get feedback. That is very nice. Very nice.

Mr. Hunt: I wanted to go on record too, I think our employees we talk about fixed assets, but really our employees are probably our biggest asset at the County and being able to recognize them and find way to help them and really take their input as to ways we can do things better gives them a sense of purpose and input into what we do to make decisions. To the degree possible I am trying to enact on those recommendations.

Chair Furfaro: Steve I want you to know for the last three years here we do an upward appraisal of the staff, the 27 members here. If you would like to see

the format that we use, I would be glad to send it over. We just finished one several weeks ago.

Mr. Hunt: Thank you. Civil Service requirements again I kind of touched on this earlier, but it is a general theme for succession planning, again without the positions in advance, there are only so many things we can do to control and plan for that succession when it happens. So to the degree we are just looking at cross training, that helps. But when we get into some of the higher level supervisor positions we really cannot afford to pay for two supervisors when we are in that transition period and we cannot really go out to hire until the position is made available. So that again presents a challenge for succession planning and within Motor Vehicle Registration, the current supervisor is of the retirement age and could go at any time. We are asking for as much advance notice as possible, but again it is just a request. We are hoping that we will get advance notice. Structurally, Treasury is a little bit different. To my knowledge our County Treasurer is the only one who oversees Motor Vehicles and Driver's Licensing with the State. Again it is one of those issues where we do have managers that are working managers that have to do many, many tasks and this is one that our Treasurer has taken on and not only managing our cash and investments, but making sure that the staff of 10 at Motor Vehicle and 13 at Driver's Licensing continue to be productive and are showing up to work.

Limited space is also a challenge. In the interim, the use of the one-stop shop for permitting, we are looking at potential uses for that, that could be expanded on. Simple payment and cash handling is always an issue, so security of any other space besides that behind the counter, at Motor Vehicle Registration, is a concern. But assuming we can get beyond that we are looking at trying to simplify some of the transactions that are not complicated, paying for a bus passes...Paying your sewer payment. Renewing a vehicle registration that is not new ownership or does not require any additional paperwork. Things that can be done quickly we are looking at trying to have basically a quick stop line. Many people stand in line behind dealers or complicated transactions that involve multiple vehicles just to pay a sewer bill or to get a bus pass. So we are trying to find ways to streamline that and get a quick line if possible. Safety of employees, there have been growing concerns from our Driver's Licensing Division about employee safety. As you are very aware as part of our capital improvement budget we do have a line item in there for installing safety glass that is occurring in Fiscal 2014 and there may be residual carry over to 2015, but hoping to get most of that done in 2014. Inevitably when you deal with Driver's License when you have to deny or someone fails often there is some tension and although I do not like to put barriers between employees and the public, I like to have that interaction and not have a cold environment there are certainly safety concerns as well. So we are trying to have a compromise where there is some safety and protection, but also some interaction.

Goals and objectives again complete the installation of the safety glass at the Driver's Licensing Division. To provide a safer working environment, increase the utilization of document imaging to reduce storage needs and to provide historic records that are readily retrievable by Motor Vehicle Registration. Brandon touched on this in terms of document imaging, we need to have a full plan and adherence to the plan to go forward. So often it will get scanned and imaged, but not have a plan to do it on a go-forward base or have the resources to. So we are now all the plans that come before document imaging unless the Department or Division has a plan on how they go forward and a process, we are not looking at image any of their back records. That is part of the mandate, to give us a full plan and we will consider doing back imaging for you. Treasury will continue to seek in

investments that are legal, liquid, safe, and offer the highest returns having met the previous three criteria.

As a budget overview all three Divisions have Fiscal Year 2015 budget requests that show really nominal growth of the largest portion is associated with the Collective Bargaining increases. No new positions are being added and the iNova cashiering system, the software is procured by CIP funding which does not impact the operating budget this year. If you look through the next page on page 34, the three Divisions under Treasury, shows an increase of \$20,236. Going from a \$231,675 to \$251,911. Again primarily that is wages and salary. Driver's Licensing Division has an increase of \$17,883 going from \$575,484 to \$593,367. Motor Vehicle Registration has a very nominal increase of \$6,536, going from \$795,738 to \$802,274. That completes my report on the Treasury, Driver's License and Motor Vehicle.

Chair Furfaro: Steve, let me ask you something about bus passes. Recently we...at least I did, kind of a brash of E-mails from customers saying that they could not put enough cash together for the purpose of buying a one-year bus pass. Would there be any consideration to having six months or quarterly bus passes available? And does that put a burden on the window at all?

Mr. Hunt: It would in terms of the number of repeats.... if it is one coming in for an annual, but if you are talking about someone because they cannot buy an annual is buying a monthly pass, certainly, having them come every six month as opposed to every month would actually lessen the burden on the window.

Chair Furfaro: I would think. So you would be open for bus passes in six-month increments?

Mr. Hunt: Without talking to Celia, I would say so.

Chair Furfaro: I just wanted to get your feedback about a 6-month bus pass and I understand people not necessarily always having enough for a yearly pass, but six months seem to me would help us cut down on some of our service delivery. Questions here for Steve? Go ahead, JoAnn.

Ms. Yukimura: It seems like very good work again. So congratulations for that. It seems like...I was just wondering if Motor Vehicle Registration is actually a misnomer at this point, since you already collect bus passes, sewer passes, etc. Maybe Motor Vehicle Registration is still the bulk?

Mr. Hunt: I would say in terms of the processing time it takes the longest to process motor vehicle registrations. It really is and that is why it falls under "Treasury" too. It is a cash handling. But it is also the issuance of the emblems and there are motor vehicle functions that are going on, but it really has...at one time they actually used to handle the Real Property Collections functions as well. So that has been since moved out, but the remainder is time-consuming, I guess.

Ms. Yukimura: So it is doing a lot of things and it is great news that you are finding a way to decrease the theft of registration tags, right? That is what you are talking about on the print on demand program.



Mr. Hunt: The emblems have the driver's plate number on there, the cart plate number that matches the emblem. So you cannot transpose it and take it off and put it on yours because it will not match the numbers.

Ms. Yukimura: Very smart, whoever thought of that and doing it in-house seems like if you can do it cheaply or more inexpensively, that is good. Otherwise, I do not think I have any questions.

Chair Furfaro: Steve let me ask you at what point would you like to discuss with us your bad-debt collection policies?

Mr. Hunt: We do have a section on the Real Property Collections that deals with aging receivables.

Chair Furfaro: That is all receivables, right? Sewer?

Mr. Hunt: No just for the real property, which is the bulk.

Chair Furfaro: If you separate real property, because we know how we would notice or put a lien on the property, where would be the rest of the discussion about the collection, bad-debt collections?

Mr. Hunt: I am trying to think what other areas we have collections. We have collections for sewer.

Chair Furfaro: Water.

Mr. Hunt: Water, which is Department of Water.

Chair Furfaro: But it is still our receivable.

Mr. Hunt: Right. The only collections we really deal with or focus on is real property.

Chair Furfaro: What if I sent over one question asking us and tell us if we have delinquencies with sewer, delinquencies with solid waste, delinquencies with water and just answer back?

Mr. Hunt: Okay. Because I would have to coordinate with the other Departments.

Chair Furfaro: Understood. Understood. Mr. Rapozo you had your hand up.

Mr. Rapozo: I guess a more general question about the taxi issues on Kaua'i. Is that being addressed? This budget session? It is clear to me that there is rampant abuse, it is out of control actually and I really would like to see that addressed this year. Because it is exponentially growing because we are not able to enforce it. I think we have a good taxi cab ordinance, we are just not able to enforce and that is one of the things that I think...I mean it is hurting a lot of legitimate companies and these guys running around with fake bubbles and offering tours and offering cabs without any kind of

cab licenses. So I am not sure what the solution is, but I think we have to start looking at that, because it is getting to the point where we are not going to be able to stop it.

Mr. Hunt: As you are aware, we did have some discussion on this earlier in 2013 with Mike Drake, as well as some follow-up with Police Chief Perry and Deputy Chief Contrades on this. The hope was to use part of the recruit class with the stings and not incur overtime, but unfortunately that did not turn out to be the case and it has pretty much fallen back on the shoulders of Driver's License and Mike Drake do the enforcement. It is difficult for him to sort of supervisor staff and get out often anyway, to do some of those enforcements. It is an issue in terms of manpower.

Mr. Rapozo: We did talk about contract...hiring maybe some retired police officers. I can tell you it would not take much. Just walk down by the harbors on boat day. I think that is probably the easiest fishpond to fish in. That \$100,000 account that we talked about earlier, that is temporary...I am assuming that you could probably use that money. I do not know. But there has got to be a way to stop these guys. It is just again out of control and I have been approached by a few of the legitimate ones and I just do not know what to tell them. They are not buying the excuse of staffing because we spent a lot of time on that taxi cab ordinance with a lot of people participating and we got the ordinance where we wanted and it has not worked since we passed the ordinance. So we have to be creative, I guess, at some point. I am thinking just hire a couple of guys that can go down and it would not take long. It really would not take long and just confiscate the equipment, whatever it takes to stop this from going on. I think we really have to take a look. Because it is bad. Thank you, Mr. Chair.

Chair Furfaro: I think Mr. Rapozo brings up a real interesting situation because we went through a cycle where there were not enough taxis and we were getting service problems. Now we seem to have a few outlaws. Is there a miscellaneous line in the Finance Department that might call a couple times a year to get some off-duty police officers?

Mr. Hunt: Currently nothing is earmarked for that kind of operation. If we did it under "contract hires" then we could probably tap into that salary adjustments item that the Finance-Administration and Council actually has the same line item with about \$65,000 for Fiscal 2015 to do a joint effort or something. Because I do anticipate using some of those funds. I know at least of one that is a \$38,000 drawdown for that account.

Chair Furfaro: Some of our money was for the purpose of doing some follow-up on some of the illegal vacation rentals too. I think the message needs to go out whether it is taxi or Transient Vacation Rental (TVR) or so forth that there is actually people checking. It is like hotel security, when you make yourself very visible, your hotel seems to have less problems with break-ins in the parking lot and so forth and so maybe we need to do that a couple of times a year. Food for thought. JoAnn.

Ms. Yukimura: I think I will pass at this time. Oh, no, I do have a question. I am very impressed that you would take the time to interview 61 employees. That is the entire Finance Department?

Mr. Hunt: Of the 83 that we have, 61 is throughout all of the Divisions and they are all non-supervisory.

Ms. Yukimura: That is really exemplary, I think. I do not know where you found the time do that actually.

Mr. Hunt: Fortunately I have a very good Secretary who is able to squeeze in 15-minute blocks here and there.

Ms. Yukimura: Okay. So I just did not know if it was only Treasury?

Mr. Hunt: The entire organization.

Ms. Yukimura: Was that all the line employees or just making sure you got a sample?

Mr. Hunt: It was extended to all of them. I this one or two declined wanting to meet.

Ms. Yukimura: But it was extended to everyone?

Mr. Hunt: Everyone, yes.

Ms. Yukimura: And you interviewed all who wanted to?

Mr. Hunt: Yes.

Ms. Yukimura: Excellent, thank you.

Chair Furfaro: You know that means that you have dedicated two whole working days to accomplish in 15-minute increments and I appreciate it and I am sure the employees really appreciate being able to give direct feedback. Thank you for that.

Ms. Yukimura: Chair, that is two whole working days assuming an 8-hour working day and I do not think Steve has 8-hour working days.

Chair Furfaro: Let us say it is a two-day equivalent.

Ms. Yukimura: I know what you mean, very impressive. Thank you.

Chair Furfaro: Go ahead, Vice Chair.

Mr. Chock: Thank you, Chair. I was not going to bring it up, because it was not about anything directly related to the Finance budget, but I wanted to jump on the bandwagon a little bit. Because I think that the work that you are doing in what you have exemplified there is key. I am wondering if it is something that can be shared with other Departments as well moving forward and I have more to say about providing feedback and how to and the outcomes and managing them and making sure that they are directed to action. So good work there. I would like to see the details of it, if you get the chance. Thank you.

Chair Furfaro: Is that your hand up, Mr. Rapozo?

Mr. Rapozo: No, itchy nose.

Chair Furfaro: May I ask if there is anything that the Treasurer himself would like to share with us? I guess I have a question. I will pose it to you and the Treasurer. I am correct in assuming I was invited to join you Tuesday for the conference call?

Mr. Hunt: Wednesday.

Chair Furfaro: Wednesday, I am sorry, to the Bond company.

Mr. Hunt: Yes.

Chair Furfaro: That would start at 9:00 a.m.?

Mr. Hunt: Yes.

Chair Furfaro: So Mr. Chock, I will not be here for the opening of our meeting on Wednesday. I will be on that call with the Treasurer and the Finance Department and those that he wants to identify to be present. JoAnn you had another question?

Ms. Yukimura: Yes. I mean the state of the treasury, did we assume we got a report in terms of your basic finances?

Mr. Hunt: Yes.

Ms. Yukimura: Okay.

Mr. Rapozo: I have a question, if we can bring the Treasurer up. I was not going to let him get away.

DAVE SPANSKI, County Treasurer: Hi, Dave Spanski, County Treasurer.

Mr. Rapozo: Good afternoon and thank you for being here. You know, we have discussed the general discussions on the budget since we started and terms like "sustainable budget," and "balanced budget" and all of these other terms, but the real question and if you cannot answer it today I understand and we will send it over...is the sustainability of the finances of the County of Kaua'i? I know the last time you were here, I guess I would say it was kind of disturbing. It was real and it was kind of scary, I guess. But I guess for me, and for a lot of people who are asking me in the public, how sustainable are the finances of the County of Kaua'i?

Mr. Spanski: Well, you made some corrective...you took some corrective action in Fiscal Year 2014 and it look like the Administration is starting to attempt to make some more adjustments to our revenues. So going year-over-year, we are in a better position, positive cash flow at that point.

Mr. Rapozo: Provided that the revenue enhancements pass?

Mr. Spanski: Correct. From what we have that you passed last year we are at this point from March of last year to March of this year we are in a positive position whereas last year we were in a negative position.

Mr. Rapozo: Let us just say best-case scenario and revenue enhancements do pass and we do receive some more revenue. Fast-forward next year, where are we as far as?

Mr. Spanski: If we can control the expenditures.

Mr. Rapozo: I mean based on the budget that we have right now? As you look at budget right now, proposed budget, proposed revenue enhancements, come March / April of next year are we looking at more revenue enhancements?

Mr. Spanski: I cannot answer that.

Mr. Hunt: Those are budgetary questions that the Budget Analysts could answer better because Dave looks at liquidity and burn rate of how fast we are using that liquidity. When he says we are in a positive position, that just means we are just not burning it as fast. Not positive that we are getting traction and building fund balances, but from a budgetary standpoint, I think that is the question best addressed to the Budget Team.

Mr. Rapozo: Okay. Thank you.

Chair Furfaro: May I ask if Dave could, in fact, produce for us then...and you have heard this from me before his kind of one-page summary on your cash flow projections? I know there are a couple of critical periods when we receive cash. There are some critical bills that are due paid, due bills, just something that shows us the calendaring piece for the cash flow, not such the budgetary pieces. Can I ask you for that Dave?

Mr. Spanski: I can give it to you right now.

Chair Furfaro: What is that?

Mr. Spanski: I can give it to Scott right after?

Chair Furfaro: That would be very accommodating because managing cash and forecast through a budget is two different things. If you could get something to use I would appreciate it. I will get it circulated. JoAnn has a question for you Dave.

Ms. Yukimura: So Dave, you also help on the Bond floats and the bond processing. Maybe you can tell us about the state of our bond completion. I am presuming it is a much more positive report this year than last year.

Mr. Spanski: We are AA rated from all three bond rating agencies, and we are on par with the State, the City and County of Honolulu, and Maui. So we are all rated AA. That is our current bond issuance. The ones that we have outstanding now. The County principle is \$114 million.

Ms. Yukimura: I know there is a required project completion rate, is there not of some sort?

Mr. Spanski: We always go into this thing and talk about arbitrage and in the tax certificate they ask you...you say these are the projects that we are going to do. You reasonably expect to do these in a reasonable time, but things change and the Internal Revenue Service (IRS), they understand that. So yes, we have a post-issuance compliance contract with the BLX Group, which is a spinoff of Orrick, Herrington, and Sutcliffe, which is one of the biggest municipal bond attorneys in the nation. So they do our post-issuance compliance calculations for arbitrage and this will be the fourth year and the first three years we have no arbitrage, no problems. We are doing our post-compliance follow-ups and we are fine. There are no red-flags.

Ms. Yukimura: Okay. Good. Thank you.

Chair Furfaro: Steve what would possibly be the outcome after our meeting with the agencies on Wednesday? Do you anticipate coming back and just giving the Council a little briefing if there is anything that comes up in that discussion?

Mr. Hunt: I think it probably...we may not know the day of the discussion where they are taking it likely.

Chair Furfaro: I was not assuming that.

Mr. Hunt: Right. The likely outcome is based on the responses that we provide, and the comfort that the analysts have with where we are heading, whether it gets recommended to go to committee. If it goes to committee, then there is a little more formal process and then that is when we could be considered on a downgrade watch-list or at worst-case scenario make a downgrade based on the responses to our questions. So Dave and I had a follow-up meeting this morning at 7:30 a.m., a phone call with Bank of America and Merrill Lynch, who provides us the bonds and places them. They were happy with the responses we provided. Their probably worst case scenario is a negative watch list and not a full down grade at this point. I think after our conversation on Wednesday, we will have a better idea whether the analyst says this is sufficient and do not have to go any further or whether we have to wait until they go to committee and what the reaction from committee will be.

Chair Furfaro: If I put you on a communication for say the middle of May, that would have been plenty of time to get an overview?

Mr. Hunt: We would probably have some response with by then.

Chair Furfaro: Is that okay?

Mr. Hunt: Yes.

Chair Furfaro: Any other questions? It is good to see you Dave.  
Are you waving at Dave?

Ms. Yukimura: No.

Chair Furfaro: I thought she was giving you the signal that you could leave. Thank you, it is always good to see you Dave.

Mr. Spanski: Thank you.

Ms. Yukimura: Thank you.

Chair Furfaro: Steve, I am not sure that we have any more questions in this section. Did I make the right assumption? We are going to go to Property Tax Assessment and then Real Property Tax Collections.

Mr. Hunt: Thank you. The Real Property Assessment Division's mission is to accurately and uniformly assess all real property within Kaua'i County annually; maintain current ownership and taxpayer address records; create and maintain up-to-date tax maps; provide public service education and information through our front desk and our website locations; and administer numerous tax relief programs in an efficient and fair manner.

Success and achievements. 2014 marks the final of three years of legislative changes to Chapter 5A of the Kauai County Code, now accessed online through our website, [kuaipropertytax.com](http://kuaipropertytax.com) - by link found on the "What's New Page." New, integrated technologies, such as upgraded Pictometry Online, Changefinder and GIS Mapping, with continued training, are showing to be efficient tools in the overall goal of "uniform and equalized assessments" throughout the County. Further refinement of "market modeling" methodology has increased both this Division's efficiency and accuracy in assessing residential properties, evidenced when sale prices are recorded. These technologies have allowed RPA to remain at essentially the same or lower staff levels for over two decades despite a rapidly growing taxpayer and parcel count. For 2014, new legislation removes the 10-year old Permanent Home Use Cap program, offset by 30% or more increases in existing Basic Home and Age Exemptions. The new Assessment Calendar, effective 2013, provides for earlier Certification of Values in an effort to provide pertinent and timely revenue projections for the annual budget process. Real Property technical provides an annual value comparison report to Council, allowing for an accurate review of projected property taxes by tax classification. The 2014 Assessment notices included a new option to register for future E-mailed assessments notices and the current vendor includes a provision for allowing free E-mail blasts of pertinent information, going forward, to those who have registered. "Tax on Use" is now in year two and preliminary policies and procedures seem to be working as to determining tax classification, based upon "actual use" and the avenues created for any requested change to tax classification. The development of Administrative Rules are ongoing, with RPA reaching out to the Planning Division to compare policies and rules on various uses, in order that a logical parallel is retained which makes sense to the public. There is a Statewide push for research and education as to "exemption fraud" and new technology, combined with MOA's with the State Department of Taxation are proving to be each County's best tools for closing those loopholes. The Survey vetting process provided for an internal agency review, alleviating the expense to obtain a vendor to assist with the detection of exemption fraud, though we are still unable to obtain State Health data on death certificates and continue to research, on a case by case basis - as to multiple exemptions in other states - a possible substantial loss of revenue. The "[kuaipropertytax.com](http://kuaipropertytax.com)" website gives public access to Real Property Assessment and Collections information which allows for greater accuracy and higher data integrity. Publicly releasing this information ultimately leads to labor savings by reducing the in-office visits by our taxpayers. The website is continually being refined based on feedback

from public users and requests for more features. Users can now find sales information mapped on google earth and linked at the parcel level.

**Challenges for Real Property Assessment.** Staffing remains a challenge. RPA made a conscience decision to downgrade two of the journeymen appraiser positions as filling the Appraiser IV positions had become very difficult due to the highly specialized nature of this position. This was done so that we could train future journeymen appraisers from the ground up as we're now moving into different approaches to valuation, such as market modeling. Unfortunately, the with departure of two other Appraiser IVs and the recent resignation of our Appraiser V, who was the only commercial appraiser, combined with having the Tax Manager become the Director of Finance, a considerable strain has been placed on the County's largest revenue source to continue to get the job done with less staff. In addition, the limited personnel dedicated to mapping and title abstraction create inherent succession planning issues for future years. Balancing Software Conversion with Annual Workload. The end of Fiscal Year 2014 and beginning of Fiscal Year 2015 will be extremely busy as we begin the painstaking process of converting our older IAS software and homegrown cost tables to a new web-based version of IAS and the industry standard, Marshall & Swift, cost tables. The tasks related to implementing new Hawaii specific Marshall & Swift cost tables and the related effects on Cost Values are comprehensive. It is generally understood that these new cost tables will reveal that current cost values are too low. Ideally there would be available staff solely focused on cleaning up and codifying existing data, in concert with the other county's property technical staffs, to ensure a smooth and easily explained implementation into our upgraded IAS software, but we will have to weave those additional tasks into the annual assessment calendar of duties which include appeal casework, fieldwork that focuses on new and omitted improvements, land valuation, market modeling, creating assessment notices, and then back to appeals by December. Despite increasing the areas of responsibility for current staff, the integrity of the values have never been better, as evidenced by public comments, industry inquiries, high sale-to-assessment ratios, and a low number of appeals. Data Sharing and Cooperative Efforts. RPA receives requests for real property data and filtered reports from numerous County agencies, including Planning, Fire, Housing, Public Works, and Council. The RPA department, in turn, asks for shared information, pertinent to valuation, such as zoning or re-zoning, special use permits, water and flood restrictions or additional entitlements these agencies have approved. Unfortunately, there is no centralized countywide platform to share and store this information, which creates an inefficient flow of information between departments. Recent meetings on issues that affect multiple departments have provided encouragement that this goal may be achieved in near future through leveraging technologies such as GIS.

**The Goals and Objectives for Real Property Assessment.** All counties will be upgrading to the newest version of assessment software, imbedded with the new Marshall & Swift Hawaii Specific Cost Tables, providing for consistency and better integrity on cost valuation, which translates to market valuation as well. A count of unreturned "Tax on Use" surveys is almost 6,000 and the goal is to follow up to assure that the correct tax classification is in place, going forward. This is now an ongoing process as every transfer of ownership is cause for a new survey to be generated and uses are continually fluctuating. As the organization adjusts to fit new legislation, technology and processes, RPA is now in the second year of a two-year plan, where the new software upgrade to the web-based version "IAS World," imbedded with Hawaii Specific cost tables allows for compatibility with other web-based tools we currently use. This technology upgrade will provide for scanning of all intake forms into a secure software; and provide for documentation and facilitation of better customer correspondence as well as provide for integration with



Pictometry tools and GIS map layers. A new feature on the technology forefront is the addition of the Change Finder enhancement to the existing countywide Pictometry software will allow RPA to screen properties that have made changes in the improvements between periodic flyovers. Field tablets will be added this year to allow for on-site data collection and "real time" upload of to the IAS World software. Additionally, once the tablets are loaded with GIS Parcel Fabric, these mobile devices can be used to "map" land characteristics and anomalies such as floodways, topographically challenging areas, and erosion issues. Tax classification, under Ordinance No. 920, is ongoing as uses and ownership changes occur, annually. The Assessment Administration has now developed vetting and verification procedures. The 2015 Budget requests the addition of a clerical position, to encompass the added review and compliance procedures, required for tax relief intake as well as help transfer all hard copy historic documents to electronic files. The additional clerical position is also needed for cross training in Abstracting and Mapping as attrition is imminent and is currently occupied under an 89-day contract. Continued training. A total of four (4) weeks must be reserved for staff training; two for Marshall & Swift training at end of June and at least two for IASWorld training (TBA). In addition, a planned three-day Market Model training session has been tentatively scheduled for late-August or early-September. Assessment Staff will also be attending a "Computer-Assisted Land Pricing" course, facilitated by an IAAO accredited instructor on Maui for the first week of June. Other training programs will be offered to staff online, as per any remaining budgeted allowance and staff availability. The recent loss of 4 journeymen appraisers over past three years, as well as several leadership changes, has caused the doubling and then tripling of the parcel counts per journeyman appraiser. The added technical/mapping staff member will be able to utilize the growing GIS capacity in helping assessment to visualize our market groupings, troubleshoot outliers and cohesively work where models overlap. RPA intends to continue utilizing additional training from Honolulu's Property Technical officer to continue refining our market models as we "train up" our Appraiser II staff to become journeymen appraisers. There are two appraisers who have completed work on State Appraisal License certified online courses, and two new staff members who need to start work with this online education program. The benefits of a Hawaii Chapter entry into the IAAO, combined with recent trainer education will help to facilitate mass assessment online education at a reduced "membership" cost. For the Fiscal Year 2015 budget, Real Property Assessment shows a total growth of \$62,953 going from \$1,869,964 to \$1,932,917. The largest growth again is in salaries and wages and benefits. With that I will open up to questions for Real Property Assessment.

Chair Furfaro: Steve there are no dumb questions here. I just want to make sure somebody is talking to me in terms of GIS and FIT and so forth. I could tell you what that means in hotel terminology. You indicated that based on the number of parcels in the County of Kaua'i, there is a formula of how many assessors we should have? So what is the formula and how many parcels do we have?

Mr. Hunt: There are approximately 34,000 taxable parcels at the County of Kaua'i, including the non-taxable parcels which are owned by the State, the Fed, the County, I believe it is closer to 38,000. The formula depends on the uniformity, if will you of the neighborhoods. When you are dealing with condominiums or tract homes with model A, model B, model A reversed you can do quite a bit of parcels with a little bit of staff and when you have custom homes that model changes quite a bit. Typically, we have seen anywhere from about 6,000 to 10,000 parcels assigned per appraiser.

Chair Furfaro: That is a pretty wide gap. What do you think is fair and reasonable?

Mr. Hunt: I think for those very reasons, 6,000-10,000 dealing with ocean front custom homes that vary wildly, you count probably has to be lower than 6,000. When you are dealing with just giving model homes...

Chair Furfaro: You are telling me that there is not a formula with, as much as a 40% variance?

Mr. Hunt: Correct.

Chair Furfaro: You have answered my question. Next one, the 89-day employee you have has been doing 89 days and then 89 days?

Mr. Hunt: Correct.

Chair Furfaro: And terminate? Have you come to us before to make it a permanent position?

Mr. Hunt: We have not.

Chair Furfaro: How many times have they been on this cycle of temporary assignment?

Mr. Hunt: I believe second...two now or three in? Second. Second cycle.

Chair Furfaro: Is this the same person that you would attempt to make permanent?

Mr. Hunt: I believe, if we had that luxury, yes.

Chair Furfaro: It is in your budget?

Mr. Hunt: The 89-day?

Chair Furfaro: As a permanent?

Mr. Hunt: Yes.

Chair Furfaro: You indicated at the beginning with your staffing levels, you downgraded two appraisal positions? What is the rationale behind the downgrading?

Mr. Hunt: We had at the time had full journeyman staff, so at the time we had four positions if you will. We were not expecting two of them to leave so rather than having a much larger staff of journeyman appraisers, we hired at the entry level. It is frankly harder to find people who can come in immediately at the journeyman level, you have to train them to get to that level. There is a limited stock of those who would qualify. We thought it would be better and as the process itself is changing, we thought we wanted to have them trained in the method that we are leaning to which is the market modeling and statistical analysis. The position descriptions have been changing so much. It is our intent to have them actually be the groundwork for the appraisers, the

journeyman, the journeymen would do the land models, set up the benchmarks, but the Appraiser 1 at the time and now Appraiser 2 would do more the fieldwork and would go out for all the journeymen and pick up the buildings and find omitted properties and alert the journeymen if there were roll back taxes involved, they were the field people.

Chair Furfaro: So this is say two-part question. Was that decision on the downgrades, it was your decision, but it was because you could not find skilled appraisers available?

Mr. Hunt: It was both at the time needs-based. We really needed people on the ground, and that was our need at the time. Since losing two journeymen we got caught with our own plan and we are trying to develop them as quickly as possible, but we are surely in that gap area right now.

Chair Furfaro: That is part of your investment, your investment in people and actually your development and continuity?

Mr. Hunt: Yes.

Chair Furfaro: The IAS system that you refer to that acronym is Integrated Assessment System. Tell me really briefly, what does it integrate?

Mr. Hunt: It integrates first the assessments with the personal records of the taxpayers, exemptions, anything, their billing addresses. Then it integrates the collections piece, so we know where to send the bills and how to do the collections piece. So it also has functions that deal now with the mapping end of this as well, which is a little more enhancement than we had in the past to incorporate the mapping.

Chair Furfaro: Got it. So if they look me up, they would be able to find out the location of my house, the assessment, compared to my age for any kind of credits and then compare it again to my mailing address.

Mr. Hunt: They would be able to...first they would not be able to look up by name. We actually have some controls on that.

Chair Furfaro: Say by tax key.

Mr. Hunt: If they had your tax key they could look you up.

Chair Furfaro: That would track to the owner at that particular time with the real estate?

Mr. Hunt: Yes.

Chair Furfaro: Okay. Does it then compare similar properties in areas with similar values?

Mr. Hunt: Yes, you can look at sales in the area in terms of map and what has sold within my neighborhood?

Chair Furfaro: So this new software probably helps you a lot in that area?

Mr. Hunt: Absolutely, because the public prior to filing an appeal can look at some of that information and see if it is relevant to their specific situation.

Chair Furfaro: Final question, I did not hear anything about the number of tax appeals that have come in recently. Are we?

Mr. Hunt: We are down. 170 appeals, less than 1%.

Chair Furfaro: That is better in past.

Mr. Hunt: Especially with the sales ratio tight, much better. Typically, when you get closer to the market value, you tend to have more appeals, but with that information out there, I think a lot of that has been defrayed because they look at the information and say okay, I understand.

Chair Furfaro: The reason I asked this when I look at my own tax bill for example on the North Shore and friends in Po'ipū, that seems to be the area where appraisals have grown the most significantly and without the Cap, I can see the difference in my tax bill. Okay. Well, this IAS software seems like a real plus. JoAnn, you have got questions? Thank you, Steve.

Mr. Hunt: You are welcome.

Ms. Yukimura: Yes. I do not know that I have absorbed everything, but it does seem like you have identified a good software to transition to, and that you have mapped out the transition process, which is always onerous to an organization to have to come up to speed, learn all of the different procedures and processes. So kudos to you and your staff on this path. My question is you are asking for how many positions?

Mr. Hunt: There is currently an 89-day hire position that would we would like to retain.

Ms. Yukimura: Is that the 286, tax clerk?

Mr. Hunt: No.

Ms. Yukimura: I do not see any new positions...maybe I am not looking in the right place.

Mr. Hunt: It involves quite a bit of movement, actually.

Chair Furfaro: Would you like some members of your staff to come up?

Mr. Hunt: Sure. Kim, would you like to come up? The position that we are currently using as an 89-day contract would be defined as 274 and currently it is T-274. There is no T-274 anymore and it was converted to 274.

Ms. Yukimura: That is what you are calling Abstractor II?

Mr. Hunt: Correct and the person in T-274 we are looking to hire for one of the Appraiser IV positions and then they would temporary assignment (TA) to the Appraiser V Commercial because we are going to have to train them up for the commercial. We just do not have a commercial appraiser right now.

Ms. Yukimura: Okay.

Mr. Hunt: Formerly that T-274 was a Condo Specialist, Senior Condo Specialist.

Ms. Yukimura: You were talking about...the 2015 budget requests an addition of a clerical position to encompass the added review and compliance procedures required for tax relief intake, as well help transfer all hard copy historic documents to electronic files. Is this what also goes to the...

Mr. Hunt: Abstractor II.

Ms. Yukimura: I am sorry, Abstractor II is what?

Mr. Hunt: It would be doing some of that work as well. That would be the position.

Ms. Yukimura: What is called Abstractor II, position 274 is the new position that you are asking for?

Mr. Hunt: Well, it is T-274 currently.

Ms. Yukimura: Temporary?

Mr. Hunt: Yes. It has been a contract hire for a number of years and so it would become permanent.

Ms. Yukimura: And the monetary value does not change that much?

Mr. Hunt: Well, just instead of having money funded for 89-day it is money funded for the position.

Ms. Yukimura: Okay. Is that...is that work....does that work lead to the Bureau of Conveyance? We send that to Bureau of Conveyance, so all of that can be...

Mr. Hunt: The Abstractor work involves title for properties so when properties are either subdivided or changes occur to the legal description of the property and / or ownership or address that is what the Abstractor works on. They have also been working on some of the compliance issues which we have cited in here in terms of the relief and the use.

Ms. Yukimura: So in other words, when property ownership and so forth changes, at the Bureau of Conveyance, then so it is actually the flow from the Bureau of Conveyance and Kim you wanted to say something?

KIM HESTER, Acting Tax Manager: You said what I was going to point out. This is information that comes from the Bureau of Conveyance.

Chair Furfaro: Excuse me, Kim, for the record introduce yourself first.

Ms. Hester: My name is Kim Hester, Acting Tax Manager for the Real Property Assessment Office. Yes, the Bureau of Conveyances is in essence the driver of our car and so documents...leases, deeds, transfers, maps, subdivisions everything comes through there.

Ms. Yukimura: Alright.

Ms. Hester: Excuse me, as Steve mentioned, a lot of our employees are doing multiple work processes, because we have evolved through the recent legislation. So that is why we described the position beyond what would normally be the scope.

Ms. Yukimura: So this is one new position you are asking for...it is actually a conversion?

Mr. Hunt: It is not a body count, but a conversion.

Ms. Yukimura: A conversion of an existing position and existing body, so to speak. There are no other additional positions you are asking for?

Mr. Hunt: There are some vacancies, but I will get to that when we talk about the vacancies.

Ms. Yukimura: Thank you.

Chair Furfaro: Other questions? Why do we not get into talking about the vacancies, since we are on staffing, Steve.

Mr. Hunt: The very last page of this report I have the vacancies by Division. Brandon already mentioned 273 has been very challenging to fill and hopes to have it filled by May and an offer has been extended. So page 56 of the report shows offer made is the status. Within Real Property Assessment, we do have a position 217 vacant that is the Real Property Valuation Analyst Trainee. 217 is actually Kim's current position number. But she is being reallocated to come on the permanent basis the Property Technical Officer. But she will still continue to TA to the Tax Manager in my absence. So talk about wearing multiple hats she is doing all the technical work, all of the data, as well as the management of the Office. So she is very busy as well. But that is currently a vacant position and it is part of the succession planning. We need to train somebody up and would like to fill this position because someone other than Kim has to be able to run these data models and be able to succeed her at some point. So part of our succession training is to fill that position, which would fall under her. The Tax Manager position, which is my former position, which she is TAing to is being short funded. Position

222 is the Commercial Appraiser, also being short-funded. This is in the transition period we are trying to get one of our temporary positions with a contract hire into Civil Service, which opens up the T-274 position into the...what was it? 216? It would go into 216 and 216 would then TA to the 222. Then the Abstractor, the 274 is an 89-day hire currently. Moving down below these are just filled, but these are the State-funded position, 228, 242, within Driver's License, 238, 243, 247, 250, 251, and 252. They are all filled just State positions.

Chair Furfaro: JoAnn before I recognize you again, I want to remind everybody, I would like us to try and stay focused on Real Property Assessments from now until 3:00 p.m.. We have to take a break and then I would like to do Real Property Tax Collections, and then by 3:30 p.m. I want to do Purchasing and by 4:00 p.m. I want to do the Motor Pool. JoAnn you have the floor.

Ms. Yukimura: Thank you. So actually there is no real new position with a new body. You are mainly making these changes to adjust for the change that the whole real property system is making in terms of how we collect...I mean how we assess property?

Mr. Hunt: We are filling in the *pukas* from the journeymen that left along with the Commercial Appraiser with the staff that exists. The only change is 274 we are requesting that we go from a T to a permanent position.

Ms. Yukimura: When you say short-fund you are just not funding it for the entire year?

Mr. Hunt: For the entire year. Correct.

Ms. Yukimura: Fine, thank you.

Chair Furfaro: Go ahead Vice Chair.

Mr. Chock: Thank you. Kim Hester, thank you so much for holding down the fort and allowing Steve to utilize his talents in other areas of the County. I just had a question...I was looking at the budget for "other services." It looks like it went down \$34,000. Can you tell me what savings that is?

Mr. Hunt: When we started in Fiscal 2014 preparing for this transition to IAS World, and Marshall and Swift there was one-time conversion costs upfront and we with still have maintenance contracts beyond that, but more front-end loaded costs that decrease over time and the savings is paying front load.

Mr. Chock: Thank you.

Chair Furfaro: Mr. Rapozo. If there are no questions at this point, I think we should take a caption break. So that questions finish by 4:30 p.m. today. It is now about 3 minutes to 3:00 p.m., please be back by 8 minutes after 3:00 p.m.

There being no objections, the Committee recessed at 2:57 p.m.

There being no objections, the Committee was called back to order at 3:09 p.m., and proceeded as follows:

Mr. Rapozo:

Real Property Tax Collections, Mr. Hunt.

Mr. Hunt: Thank you. The mission of the Real Property Tax Collections is the function is to administer the Tax Billing & Collection system and assists with custodial responsibilities for all real property tax records. Primary successes and Achievements: Delinquencies. There is some timing issues, I will report right away. When we submit this report, it is right in the heart of when we collect their second half billing. There was some quite a bit of delinquencies on second half billing at the time of the report. I am happy to say those numbers are down so I will report the report numbers but give you updates as well. At the time of the report as of February 28<sup>th</sup>, when this was written, there was a delinquency rate of about 6%. Majority of that again was within the second-half payments of the current fiscal year, Fiscal Year 2014. The current rate now, that was \$6,045,841.79, that new figure now is down to \$4,107,194.99. So the delinquency right now is down to 4% down from 6%. The decrease in the amount of delinquent taxes, with ever increasing rates of delinquencies Real Property Tax Collections Division is very diligent in working firmly on collecting those delinquent taxes, either through arranging payment agreements with the taxpayers or execution of the foreclosure process. Payment Agreements: Every effort is made to meet with taxpayers and establish a Payment Agreement Plan that will be manageable by the individual tax payer for them to avoid foreclosure and yet also to repay the delinquent taxes as quickly as possible. A good faith payment is required at the execution of the Payment Agreement Plan and as long as the payments are paid as agreed upon we do not foreclose. At the time of this report, there were 91 payment plans currently there are now 60. A majority of these now have been paid off. At that time the monthly income that was generated was \$107,653 from that payment plan. There was \$1,162,683.10 outstanding at that time. Foreclosure sale unfortunately when no attempt is made by the taxpayer to establish a payment plan, the County must begin the process of recording a lien on the report for the non-payment of taxes and then commence with the foreclosure of that property. We do this on an annual basis and our next foreclosure sale is slated for May 7<sup>th</sup>, 2014 about a month from today. At the time of this report there were 24 parcels which actually began the year with 180 on list, but through either payment plan or payment in taxes it was reduced to 24 and I am happy to report there are only now 17 that owe taxes that are headed foreclosure as of today.

Challenges: The IAS upgrade with changing technology and the real property software system must be upgraded to the new Integrated Assessment System (IAS World) in the last quarter of Fiscal Year 2014. This will create a huge learning curve for the Real Property Collections as well as the Assessments Division as they learn a new upgraded system that will allow them to do their job more efficiently and effectively.

In addition, the SII or Revenue Collector, this was the iNova upgrades we talked about to the cashiering system will also be upgraded. The IT Department is working on this to make sure it goes smoothly and seamlessly as we transition. It will be a CIP project. The primary goal of Real Property Tax Collections Division is to bill, collect, and account for real property taxes and other special assessments for the County of Kaua'i in an efficient manner and one of the primary objectives is to manage the delinquency rates and extend... to the extent possible by actively pursuing all of our collection efforts. One of the objectives is to go paperless, as much as possible and we are doing this currently through our bill print vendor. We send an E-mail copy of the real property tax bill to the taxpayers who have signed up and this began in last year, but will continue again in July of 2014. Currently we have upload fees of \$75, four times a year, July, September, January, and



March. The per statement is \$0.12 per statement on billing as opposed to mailing out I believe is \$0.47, \$0.48 for a stamp plus time and postage. It is a no-brainer. We want to decrease the amount of our delinquent taxes and begin...starting to initiate foreclosure at two-years. From a budget standpoint, the growth in Real Property Tax Collections is only \$12,133 and is primarily due to Collective Bargaining increases. The total budget going from \$439,488 to \$451,621. That concludes Real Property Tax Collections. I will take questions, if you have them.

Mr. Rapozo: Any questions for real property tax collections?  
No? Thank you. Moving on to Purchasing.

ERNEST W. BARREIRA, Budget & Purchasing Director: Good afternoon members of the Council, Vice Chair Chock, Ernie Barreira, Budget & Purchasing Director. It is my honor and privilege to come before the Council for my fourth consecutive budget presentation as the administrative head of the Division of Purchasing. This is the first year actually that I will actually come before the Council with an increased budget after having budgets that were relatively flat for the past four years or three prior years. The basic reason for that is of course the Collective Bargaining pay increases that impacted all of my employees in both Hawai'i Government Employees Association (HGEA) and actually all of HGEA Unit 3 and 13. That would be the lion's share of the budget increases for this year. I also will be showing an \$8,000 increase in the operating budget for this year and that will be a recurring lease financing expense for the next five year. The reason for that is because we are going to finally have to replace our mail postage machine that has finally used up its service life. We have been cautioned by the service providers that unless we replace that piece of equipment it could suffer catastrophic failure. As you may be aware, the Division of Purchasing in addition to our Charter obligation to assume responsibility for centralized purchasing we also manage all of the postage requirements for the County, both incoming and outgoing mail. The processing of incoming mail would not be a problem if the equipment failed, but the processing of outgoing mail would be problematic and would mandate that every County department and agency proceed to the Post Office every day in order to transact their mail services and that would be highly problematic. We are looking at an \$8,000 increase per year which covers the cost of the equipment and maintenance that is going to be involved and after the five years we will have owned that piece of equipment. Given the track record we are hopeful to keep that equipment in circulation in 8-10 years without any additional expenditures after five years.

Replacement of the equipment is critical for us because we are trying to get a better control on the use of postage in the County. Because of the Division of Purchasing's paperless applications that we have pursued over the past three years we have eliminated a substantial amount of postage utilization. It is awkward if we mail two or three parcels a year. Everything is strictly electronic that comes out of our Division. Many Departments, for example Michelle in Real Property Collections has also worked cooperatively with us to minimize the use of certified and registered mail. Now there are certain situations in the County where you have to do this because the law or rules mandate such. But we found as well that many Departments are using certified mail as a mere convenience. It is a very expensive proposition. As much as 5 or 6 or 7 times the cost of the standard postage. We are working cooperatively with our Departments to encourage them to minimize the use of certified mail to the greatest extent possible. That is going to help us save money. The postage budget used to be as much as \$109,000 after the Division of Purchasing implemented its paperless applications we were able to reduce the budget to \$90,000 and we are holding firm on that. There really is an opportunity with increased savings and

increased reliance on technology to further decrease that budget as time goes on. So that is a cost-saving opportunity that we would like to look at.

This being the season of lent, obviously it is a good time for confessions and when you look at my operating budget you will note in the May 8<sup>th</sup> submission there is going to be a \$14,000 increase in the operating budget because I populated independently my own salary adjustments in the budget process and in using the AS-400, I forgot to finalize the process so that inadvertent error meant that my Budget Analysts did not receive from me the updated salary numbers. So you will see a \$14,000 increase for personnel and fringe related expenditures when that budget comes over on May 8<sup>th</sup>. So it will be greater than the numbers show currently and on the worksheets seen on your narrative pages.

I have submitted to the Council a comprehensive budget report and I will not go into detail because I know the Chair is on a tight schedule and our Deputy Director is still scheduled to come forward and speak to you. I will briefly comment not on every aspect of the presentation but on two areas that I think are of interest to the Council and from which we have received quite a bit of support from the Council over the years. The first one is a little bit more about our pCard program. I would like to talk to you about the single most important event for the Division of Purchasing, and the single most important initiative and that is our succession plan. We would first like to talk a little bit about our pCard program. Keep in mind that the pCard program is really managed by the Accounting Division. Our pCard Administrator and the staff assigned to dispose of monthly payments generated from the pCard are Division of Accounting employees, not Division of Purchasing employees. The Division of Purchasing involvement in the pCard program is to ensure that there is strict adherence to the Hawai'i State Procurement Code when goods and services are acquired and paid for with the pCard. Over the past two years we have subjected ourselves to audit. In Fiscal Year 2012 our external auditor did audit the pCard program and discovered out of a 40 sampling about...14 findings of various errors having to do with improper documentation, to improper process, to lacking proper authority to utilize the pCard. In 2012, we have to remember in Fiscal Year 2012 the pCard program was at its earliest inception and there were only a few transactions during that year. In Fiscal Year 2013 we once again subjected to an external audit for the pCard program and this year out of 40 samplings, there was one less finding, 13 findings. I provided the Chair a breakdown of the audit. In Fiscal Year 2013 as opposed to 2012 the program was expanded substantially. There were over 4,000 pCard transactions, more than \$120,000 worth of transactions altogether. Looking at it from a strictly proportionality perspective, if we continue to have substantial operating problems with the pCard with the tremendous increase in transactions we would have seen a proportionate increase in violations and findings and that was not the case. In fact there was improvement. You have to also keep in mind that out of those 13 findings, six of those were committed by the same three people. So not as expansive a problem as might have been indicated by the findings. What we have to consider when we look at the pCard it is a very valuable resource for us. When you look at the National Institute of Government Procurement, the average cost for a transaction of a purchase order is \$97.00. When you consider that the average small purchase is less than \$300.00 to incur a 33% cost for the payment methodology on that purchase is not cost-effective. On the other hand the average transaction cost for pCard transaction is about \$17.00. There are tremendous financial efficiency opportunities for us to maximize and perfect the pCard program. That is something that we want to do. Our biggest deficiency in the pCard program is not yet having an automated module within our AS-400 system to facilitate all of our pCard purchases. That is a limitation. What we have by way of a purchase order, we have a requisition entered in by the person making the purchase, they document the procurement activity, the system automatically confirms the existence of

funds, and then it migrates to the approving authority for authorization before a purchase order is cut. In the case of the pCard, we do not have that type of functional module. So it is a very manual system at the present time. There are still tremendous benefits for having the system in place, but it is not as efficient as it could be and this is not as a result of a lack of effort by our IT Division. They have worked very aggressively with Sungard, our ERP service provider to provide that type of functionality, but they have still not acquired that level for us to utilize. I just learned recently that our extraordinary Mandi Swanson has developed an application to make the process as paperless as possible and Steve and I are going to be having the discussion to see if we can roll this out Countywide. I do not have a great deal of familiarity with the initiative yet, but Mandi assures us that while it does not do the Accounting function of verifying payment it does, in fact, provide paperless applications and allows us to send the transaction throughout the approval process utilizing a paperless program, which is a tremendous step in the right direction and will bring us closer to the type of automated functionality that we need. We are very encouraged. I have made a commitment to the Administration, as well as documenting that to the Auditor that prior to the end of this Fiscal Year, I will be holding a follow-up training for pCard holders again as I did in June of last year. Keep in mind that every finding that came out of the Fiscal Year 2013 audit occurred prior to the formal pCard training that I provided last June. The true test, I think, of the accuracy and validity of our pCard program will be far better measured in the Fiscal Year 2014 audit, where the Auditor will once again look at our pCard transactions and determine where our level of functionality is. There were two significant incidents or developments that occurred prior to the end of last fiscal year. The formal pCard training which is in a PowerPoint presentation format on the Division of Purchasing SharePoint portal if you would like to take a look at it. We also issued the final pCard policies and procedures for general commodities. So with those two major developments we are hopeful there is better compliance with the requirements of the pCard as it pertains to formal procurement. One thing that I will be doing this year is that I will be meeting with Department Heads and Deputies and anyone else that has been given delegated authorities to approve pCard transactions to make sure that they understand the due process requirements of procurement as it is identified in the Procurement Code. The approving authority really has the final say as to whether or not there is going to be a violation. Before that approval they are supposed to make sure that everything has been properly procured and documented as required by the Code. With spending some time with the Department Heads and Deputies I am hoping to develop a higher level of acuity as to these requirements so that we can avoid future findings and maximize the use of this program. So we are very encouraged as we continue to move on as we develop and utilize our pCard program. It is going to be good for the County as the Director of Finance had pointed out earlier, unlike most other transactions we actually receive a benefit for each pCard transaction. 1.4% is the current rate. It is not going to be \$600,000 of credit payments like the State enjoys because we simply do not have those volumes of transactions. Any few thousand dollars that come into the system, given our financial challenges of today will be beneficial to the County overall. When you factor in the operational efficiencies in the use of the pCard the benefits are clearly to our favor.

I would like to close with speaking a little bit about our succession plan and then I am going to stop and open it up for questions. Have you noticed in your budget presentation or in my budget presentation I have rearticulated the same succession plan I first shared with the Council last year and the reason is simple, that succession plan remains a valid part of our operations. I had the benefit of having two outstanding managers who articulated early on their intent to retire at the close of Fiscal Year 2015 and 2016. We are going to lose about 60 years of cumulative procurement knowledge and experience when that occurs and it is going to be a tremendous impact to our Division. Because I have been

given adequate notice there is no reason why I cannot put together an intelligent succession plan with my staff and be prepared to continue to meet the demands of our Division even when those retirements occur. One of the first critical elements of having that succession plan move forward was to fill all vacancies in the Division of Purchasing and I am very proud to report as I sit here today all nine positions including myself have now been filled by very qualified, energetic, and competent individuals. We were very blessed in the recruitment efforts. When we went out for our first two specialist vacancies we only had two applicants and the odds of being able to hire two people when only two people have applied are extremely rare. We had two very outstanding applicants and they have not disappointed. They have been energetic and intelligent and driven. We have a joke within the Division of Purchasing that you have to have a little bit of operational insanity to work in our Department. They have it. They understand the level of dynamic that is needed to function at the level that we function. We are very pleased. Those two individuals have already advanced to the advanced trainee specialist level and by the Fall of this year, they will have been reallocated to the journey level specialist III level which is critical because in order for them...we are looking at promotional opportunities to move into those vacated positions after our people retire in Fiscal Year 2015 and calendar year 2016. We also filled our latest specialist position recently late last year in December. That individual is actually retired Captain in the United States Army. He has an MBA that he acquired while in the Armed Forces. Once again a very energetic individual and he has advanced well in his training and is doing extremely well. We have high hopes that he will continue to move forward as have our other two specialists. It is a very important concept that we follow in the Division of Purchasing in terms of training. Now that all of the positions have been filled, training is the next critical element. The training protocol that we follow is that every person whether they are professional staff or support staff goes through the same training regimen as all other employees in the Division. That means that they learn everything from counter service, to the mail operations, to small purchases, to transacting a purchase order, and of course, learning the most complex forms of procurement. The reason we do this is very simple. We have to be able to function as an entity in times of anticipated and unanticipated vacancies. Because in doing that we have assured continuity, so that our internal and external customers are not impacted by vacancies that may occur. The training protocol we follow, we do both superior training in terms of managers training subordinates and I am also a very big advocate of peer training where line employees spend the time training other line employees. In my 28 years of working in the government, I have found that employees tend to learn better in a more comfortable environment when they are trained by their subject-matter peers in addition to being trained by their managers. We very pleased with the progress that has occurred within our specialist ranks and there is another initiative that ties into this, which has been very progressive for us to follow this year. Thanks goes to our HR Department who has worked collaboratively with us. There are two classes of employees within the Division of Purchasing. There are specialists who are professional staff who require a college degree in order to be hired and qualified for the position and we have technical support positions, individuals who do not require a college degree. What we are doing this year in this new initiative is providing a career pathway for our technicians who are non-professional positions, to advance to the specialist level positions in the Division of Purchasing when one of two conditions are met: either the acquisition of a Bachelor's degree in any field that meets the minimum qualifications of specialist or the achievement of enough time and experience to meet the qualifications for the position on a year-to-year basis. I am pleased to report to the members of the Council that as of November of last year we have achieved our first movement from technician to specialist, are long time procurement technician who has been with us for over six years was successfully reallocated to a procurement specialist position in November of last year and by the Fall of this year, she will be reallocated once again to an advance

trainee which will enable her to move forward. There are two critical reasons why this initiative is so important. The first is that every organization whether it be in the public or private sector has to have a career progression pathway for your employees. Without the opportunity for advancement and promotion there is going to be a very difficult time maintaining the level of job satisfaction and job enrichment that is so important for an employer to retain qualified and skilled employees. I think Councilmember Yukimura has talked many times about the cost to train an employee and to lose employees after a number of years is a tremendous loss to the County. In addition to employee training and employee retention, one of the most important elements in this initiative is in these trying economic times we cannot afford to continue hiring new people. This initiative will give us a much broader base of well-qualified and trained individuals within our Division to assume a much larger role and scope and duties that have to be performed in our Division. The cost of reallocation is insignificant compared to the cost of bringing on new employees. An entry level specialist could involve a salary of \$40,000 a year. When you factor in the fringe benefit requirements you are looking at almost \$80,000 of recurring expenses every year for a new specialist as each opposed to a couple of thousand dollars moving people via reallocations. The Division of Purchasing managers and the Director of Finance as our Chief Procurement Officer, once these reallocations occur is going to have a much larger pool of qualified workers to assign work and will better enable us to meet the demands of our Division without the need to continue to increase the number of our full-time employees within the Division. So we are very encouraged with the initiative that we followed and we are thankful to the Human Resources Department for working with us to defining this pathway. While we will continue to have some anxiety over the loss of our two senior managers who have brought a wealth of knowledge and experience, we are encouraged by the amount of dedication of our existing staff will enable us to carry on and succeed in the succession plan that continues to enable us to provide the services that we provide. I am very, very blessed to have the opportunity to manage such outstanding people. I am continuously inspired of the Division of Purchasing employees as I am with Mr. Shimonishi and the Budget Division, as well as Ms. Wooton as part of our Finance Administration Team. It is very easy to manage when you have such skilled and dedicated and loyal employees to lead. I have been blessed with that opportunity. One of the things all of you have been mentioned and quite excited about and I think exactly correct this year that \$5 million worth of equipment that the Council appropriated last year to acquire the goods and services that our Departments need to work more effectively in our community whether it is in Parks or Public Works, I agree with you it is been a tremendous initiative. I want to take this opportunity to point out as not to be remiss that every dollar that was spent in that \$5 million acquisition was possible because of the work that is performed by the very diligent and hard-working employees of the Division of Purchasing. I think I have mentioned this before that every dollar that is spent is spent through the Division of Purchasing. So I would like to conclude my presentation there and give time for questions and also for our Deputy. So if there are any questions on anything in my budget presentation, I would be happy to answer them at this point.

Mr. Rapozo:  
Yukimura?

Thank you. Any questions? Councilmember

Ms. Yukimura: Excellent, Ernie. You are setting a really good model how to do succession planning within the system. Of course you had the cooperation of your senior managers who gave you a lot of lead time. Thank you, to you and your team for the enormous amount of work that has been done. I do not know if you remember, but I think it was one Saturday I was going to maybe the community planning event and I saw the lights on in Ernie's...you can see from the windows at the top, and I kind of complained

to Ernie that you were wasting resources by leaving the lights on and he explained to me his people were working then. So I had some glimpse into how hard they are working. Thank you very much for that. What was the ratio between the pCard purchase and conventional purchase? What is the amount of savings?

Mr. Barreira: \$97.00 for the average cost for a purchase order transaction and that is an annual and nationwide average. It could be higher or lower here in Hawai'i, versus \$17.00.

Ms. Yukimura: So you are getting an \$80.00 average savings.

Mr. Barreira: Yes, when you consider in years past we would issue 8,500 purchase orders a year with the use of the pCard that is down to 5,400. So if you do the math the savings already have been quite significant.

Ms. Yukimura: Thank you very much.

Mr. Rapozo: Any other questions?

Chair Furfaro: That is a 37.3% reduction in purchase orders and I want you to know that we appreciate all the work you have done. I have come to the Office in the morning, pretty early, 7:30 a.m. and get E-mails from JoAnn Yukimura at 2:00 a.m. and she is still working. My compliments to her as well.

Ms. Yukimura: That is not a best practice.

Chair Furfaro: I just thought I would point that out. 2:15 a.m. in the morning, what is she doing? Ernie thank you for the progress and the support you have been giving to the Administration. I do want to say to the two of you that are there right now I do not know how quite how to breach it, but I will breach it with the Fire Department. We have to find a way to find ourselves not having our new helicopter being the shuttle service for Kalalau.

Ms. Yukimura: Or Waimea.

Chair Furfaro: But I mean over 100 people were stranded and some of them may be in serious need of help. I understand. But I think we need to get to a point that I was given a number of...I think it was \$369 an hour for the operating of the helicopter and I would like us to research...I am going to have this discussion tomorrow with the Fire Department. But I would like to research the ability for us quite frankly invoice for those services to recover some of the costs. First of all this is a State park, you know? There needs to be...we had treacherous weather, high surf and we have groups going in to Kalalau that need assistance. We need to start finding a way to document the cost of those rescues.

Mr. Barreira: Yes, sir.

Chair Furfaro: I am not talking about anything at this point other than recovering our costs for fuel. So please do what you can in Purchasing to find a way that can be recommended to us to have a way to recover some costs on those kinds of services. Did you want the floor on something, JoAnn?

Ms. Yukimura: I am glad you brought it up. I think it is an issue that we must discuss for our operations. I heard just recently about an accident in the Department of Land and Natural Resources (DLNR) with a very serious helicopter landing accident. It just brought home to me the huge liability and so I think we need to be very clear about when we go out. We just do not go out when somebody's mother calls.

Chair Furfaro: Well, it is something we need procurement and Finance and the County Attorney's Office to look at for us. Because it is a reoccurring cost and we are getting ready to make other investments there. As many as 100 people going out there with bad surf and very bad weather, wet pathways, and so forth, flash foods, we need to find a way we can make some reasonable recovery costs there. Thank you, Mel.

Mr. Rapozo: Thank you. Any more questions?

Ms. Yukimura: One more comment. I just was very impressed with the idea that every employee in the County deserves a career, a pathway to higher levels of performance. I know that the Chair and our Clerk and Deputy have worked on that within our own Division. But I really want to commend you for doing that and yet, at the same time, having people cross trained to do anything and everything that is needed is also wonderful counterbalancing. I mean you could have people saying I am getting to this level and that is all I am doing and that does not work either. Thank you.

Mr. Rapozo: Thank you. Any other questions? Mr. Chair?

Chair Furfaro: I believe we did reschedule a visit with the Humane Society and thank you Steve for getting the statements from them and the narrative. I think we are going to do it at 1:00 p.m. April 21<sup>st</sup>. Ernie, I am assuming since we handle them like a vendor, you will be part of that discussion on the 21<sup>st</sup>?

Mr. Barreira: Yes, sir I will be here for every budget presentation, yes.

Chair Furfaro: Again this is a call-back and we are asking them to have discussion with us about their contract service. So reaffirming you will be part of this?

Mr. Barreira: I will be present. Thank you.

Chair Furfaro: Mr. Rapozo.

Mr. Barreira: Councilmember Rapozo, I forgot one other piece of information. When we talked about succession planning, I also need to stress that one of the biggest areas of success in the Division of Purchasing has been technology. I wanted to just let the Council know that we also have a succession plan in terms of our technology initiative. Mr. Erwin Wright who is one of our senior operations specialists and one of our managers is one of the people that will be leaving notwithstanding the numerous efforts I have made to try to convince him to stay. Well-deserved he will be retiring. He has led and coordinated our technology initiatives from the beginning back when we started in 2010 and began the implementation in 2011. He has identified two members of his staff that he will begin training in the area of technology. So that we will have succession in technology as well. Of course nothing could happen without the support of Mr. Raines, who has been supportive in the entire process.

Mr. Rapozo: Thank you. Any other questions? If not, moving on to...is it Motor Pool? We did have some discussion the other day on the Motor Pool. Go ahead.

SALLY A. MOTTA, Deputy Director of Finance: I am Sally Motta, Deputy Director of Finance and I will present on the Motor Pool and we have a presentation on what has been happening to this time. People were asking why do we need a motor pool? We have plenty of vehicles and, in fact, we have so many vehicles that many sit in the back parking lot and are not used at all and they are an asset to the County. So we got together a group of people that have representatives from the Automotive Section, from the Public Works, from Finance of course, from IT. And we are all working...and also the Office of Economic Development and we are all working together to find a solution for this. What we found that we needed to work on was to designate where we would have a parking spot? How we were going to be able to manage this type of a situation and who would be allowed to use the vehicles? We also wanted a tracking system. We wanted to be able to easily report where the vehicle had been? Where it was at any particular time? We also want to be able to tell whether or not there were repairs that were timely that might be necessary? Maintenance, how long it has been driven since the last time it had oil changed? We also wanted to make sure that whatever we looked at or ended up obtaining that it be integrated with our AS-400 accounting system. We also wanted to make sure that it would work with our Fuel Master, which is the gasoline system that we have now and the AS-400. We had a lot of things that we were interested in and we also knew it had to be friendly. If it is not friendly for people to use then people are not going to use it. We have currently four electric vehicle that are not used because people are just not familiar with it. We want to get them familiar. We want these vehicles to be used. How do you decide what vehicles are going to go in? Obviously we cannot take any of the equipment vehicles that are needed in order to manage the parks, Public Works, different things like that. Along with what we found out from Dwayne in Automotive, we have a lot of passenger vehicles, sedans, they might be an SUV, and we have vans, passenger vans, 4 x 4 pickup trucks and some that even have a lift gate on them. We found there is between 30 and 50 vehicles that would fit into this category. This is again excluding anything that is a specialty vehicle. Down the road there is even talk that we could add in some of these specialty vehicles. Something like a fork lift or something of that nature. Ben Sullivan is in our group and we were brought up to bicycles and things of that nature, electronically assists, and things of that nature. So there is just a whole multitude that we will be able to look at down the road. So how much on savings. Expenses of course, we want to be able to tell you that we are going to save you all this money. What we are doing is that we have to first figure out what were the things that we had to look at with the vehicles. Capital cost of course. That is fixed. We are going to be purchasing fewer vehicles. Maintenance costs are less when you have less vehicles. Fuel use is something that we are not going to regulate. Whether you have one car going 20 miles or two cars going 10 miles, the gas is not really going to be a factor there. The other thing that we do not have listed here that was of interest is that now that we know there is going to be a parking audit we may be freeing up some parking spots that are being used and that will give us more ground. That is another consideration there. So then when we worked out what are these expenses? We got together and worked out that the average vehicle that we are talking about is \$35,000. We try to have a life of 8 years for those vehicles. If we were to lease them, I have given you a very high percentage of 2.5%. Right now the two leases that we have on specialty vehicles one is 1.8% something and the other one is even lower than that.



Maintenance. This is for standard. This would be like your oil change, windshield wipers, just your standard, not repairs, but standard and according to Dwayne that runs \$325 average per vehicle per year. We are self-insured and have additional coverage for liability and talking to our insurance brokers it would be about \$598 average per vehicle. If we bought insurance on the open market, it would \$900 to \$1,000 per vehicle. So just to come up with an idea, that we are hoping the next 3-5 years, if we were to retire 20 of these vehicles or not purchase 20 vehicles we could save approximately \$123,460. So for every year that we are not buying and we do not keep these vehicles, those are charges to our costs that are down. In order to make a system like this work, we have to find out okay well how are we going to be manage this? With our tight budget we cannot hire someone to manage it. So we looked at the different tasks and the systems that we have been look at, most of them are self-managed through the computer system. We could get keyed or keyless depending on the direction we go. The maintenance schedule would be managed through the system. The application itself will tell the Maintenance Department when a vehicle needs to have an oil change, that type of information. We know that the first year is going to be new to everybody. So we are going to need to have somebody in a standby position in case of this type of thing, and we are pretty sure it is going to end up being Public Works at this point. But we are still open to how that is going to be managed. The main thing is just basically to make sure that everything goes smoothly. Because the whole thing is computer run, you would just actually go on the computer and register that you want a vehicle. So there is going to be little management for that. But again the first year we are going to want to keep an eye on that and see how it works. We are at a point now where we are ready...we are in motion and have been doing research and cleared up motor pool goals in the system requirements and researching the management. We have talked to Sacramento County in California, Seattle City in Washington, and the City and County of Honolulu who has had a system in effect since summer of 2011. So we have got some people already doing this and already getting a good idea of the pros and cons of what their systems are. We have also been evaluating what is available and talking to companies that want us to purchase outright the hardware and software and charge us an annual fee. We have been looking towards a lease agreement...we have already looked at those that are willing to roll the hardware, software and lease into an annual premium, because this is all brand-new to us. We want to make sure that whichever way we go is going to be the best way for the County. If we were going to be purchasing a system, we would be looking at over \$80,000 the first year and that is just for the hardware and software. So we have been talking to two that are willing to...as I said, roll everything into a lease program that would be the first year we are looking at approximately \$40,000. At this particular time, there is a \$40,000 figure in the CIP budget for Public Works for the beginning of this and we would like to get started on this. We are already working on the request for proposal and our IT Department is working on the specs for it. So we are using the information that we have already obtained from the ones that we reviewed, plus the input from the city and counties already using this. We are going go for a one-year with two years for renewals. That is because we are not sure upfront exactly what it is that we are going to do when we start and with an RFP we can pretty much define what it is that we are looking for. We do want to get started on this right away. We would like to have the RFP ready to go in July assuming that the \$40,000 is approved in the budget here, and we would like to be working by summer time with the vehicles. At this point we have already looked at the fact that there are approximately 12 vehicles that Dwayne has determined that we could probably liquidate at this point. There are approximately 50-53 vehicles that are...that we have earmarked that could go into this process. So that brings us down to 41 vehicles. We are going to start out slow, maybe start out with...we do not know, maybe 20. Depending upon what we find as far as what is available in the RFP and how much work is going to be involved behind that? We are also allowing in the system that if you were to...wanted

to...say for instance this is your van. This is a 12-seat van. You do not use it every single day, but it is your vehicle. So you would have priority over that vehicle, but if you were not using it and any Department, Public Works needed it to take maybe take you guys out around to look at something then they would be able to put in a reservation. But again, it would be on a class and it allows us to do that. That is the system that we are very particular about. We are not going to be cutting anybody out from what they have...if they have something that is available, but it is just going to be a matter that we want to cut the County's cost down. We do not need this many vehicles we are hoping and the next step that we are going to be doing is sitting down with the Department Heads and going over the individual vehicles that we are looking at and making a decision. So any questions?

Chair Furfaro: I have questions.

Mr. Rapozo: Go ahead, Mr. Chair.

Chair Furfaro: Thank you for a nice presentation, Sally. Sally, I would like to find if we cannot...I want to get a handle on some real numbers first of all. I will show you what I mean here. For what I was able to extract from Automotive, the County has 390 vehicles. That is the number I got. We have 1,180 employees and a car to employee ratio of 3:5 employees. Have one vehicle. But you cannot just take it on that face value. First of all, would like to know how many of the 390 are police vehicles and take them out of the ratio? Then take the police employees out of the number of 1,180. By HRS the mayor can be the only one to assign vehicles to be used. By HRS, the only ones that are entitled to a vehicle are the Fire Chief, the Police Chief, and the Mayor. End of story. I would like to know who we plan to assign vehicles to? I would like to take them out of the ratio and get us to a point that that then justifies how much cars we actually need in the motor pool? You are guessing between 30-50, but I would like to go through that ratio first. Then Mr. Adachi from the motor vehicles, who I have very high regard for said he would be sharing a number on how many vehicles we would then be able to say are automatically time, exposure, and age out of the inventory and you told us that was 12 with maybe another 53.

Ms. Motta: 12 out of the 53.

Chair Furfaro: 12 out of the 53.

Ms. Motta: Yes.

Chair Furfaro: Okay. So I kind of wanted to do a scorecard here first and then come to these particular cost estimates. What is our depreciation schedule when we purchase a vehicle? Is 35% of the vehicles value depreciated the first year? Then 25? Then 20? Do we have a depreciation schedule for the vehicles that we own? We should have that information?

Ms. Motta: We will get that information for you. We do not have it here with us.

Chair Furfaro: I would like to see a depreciation schedule compared against the 8-year lease? At the end of the leasing pieces, are we just returning the vehicle or is there kind of a retention credit? I do not need to know the particular, but I would like to see it.

Ms. Motta: The lease is a different story that Steve will go in to.

Mr. Hunt: Most of our leases are 5-7-year leases on vehicles and they have a dollar buyout. So we do own the asset it is a lease-to-own program.

Chair Furfaro: Lease to own. So at the end we would have some cost recovery if we paid the \$1 and we decided to sell the vehicle. So I would like to weigh that out over a period depreciation schedule with a buy and see how that works? Then get down to what I think you pointed out as the system we have here. The Council and Elections together we have one vehicle for 27 employees. We have a log in and log out system where we have a blue gas key that is used with the new electronic system and both at the fuel and here records the mileage. I would like to ask that if we could get to those steps first so we really know who would need to sign out a vehicle and at the end of the day, how many people could be using a vehicle as authorized by the Mayor. That will determine how many vehicles we would have to keep.

Ms. Motta: The nice thing about the systems we are looking at too is that each one will have an appliance in the vehicle that can be activated by either the cards that we have or the FOBs that we have and the information in the computer system will tell us whether it is a first Chairperson that if they say they need to vehicle, in this case, if you needed it and you were the first tier, if anybody else wanted it they would be moved down and moved somewhere else. The mayor is putting his car in the pool. Of course he is going to have the first call on it but if there is an occasion where the vehicle is not necessary and somebody else needs it...So it is going to make more vehicles available to more people also.

Chair Furfaro: I would like to get to the core number of how many people that we that do not have another means like Police or Fire, that number and that will determine how many we need in the pool. On that note, I just want to say, I appreciate very much your presentation today. Mr. Rapozo is going close out today's meeting because I have a meeting with the County Attorney and I am leaving the meeting.

Mr. Rapozo: Thank you. Any other questions?  
Councilmember Yukimura?

Ms. Yukimura: Thank you. It is a very excellent administrative initiative that you are spearheading with a great team. \$127,000 savings a year is not a small amount of money especially over a period of time. While automobiles are considered assets they are liabilities if we can do our work without them. So I appreciate that very much. I do not think I have any questions about the plan. It seems well-thought out. So I am anxious to see it actually take effect.

Ms. Motta: We are really excited about it.

Ms. Yukimura: Thank you very much.

Mr. Rapozo: Thank you. Any other questions? You have another one?

Ms. Yukimura: I have a question about another item, but it is Finance. It is kind of important.

Mr. Rapozo: I am sure it is. Gary can go first on the motor pool.

Mr. Hooser: Actually I have to leave fairly quickly, but there are only four of us here. So I will stay, but I just wanted to say thank you also. I think the plan is very exciting and I appreciate all the work that has gone into it and all the thought and thank you for bringing it to the table. Thank you.

Mr. Rapozo: Thank you. I have just a couple of questions and the first one, you said the electric vehicles that we purchased are parked over there and nobody uses them because they do not know how...is that what you said?

Ms. Motta: The electric vehicles sit over there and because people that normally use vehicles are familiar with other ones, they go towards those vehicles. So the electrics sit over there and they are not used anywhere near, as much as they should be.

Mr. Rapozo: That is the concern that I have, when you folks came up asking us for the money to buy these electric cars you know, we are going to use them and save gas and I guess do they have a choice? Cannot you direct those cars to certain people that are working in Lihue?

Mr. Hunt: Right now there is a mini motor pool that OED started that involved two of the Leafs and Prius' and there is an Outlook calendaring to make reservations, they are using, but I would agree they are underutilized and part of the problem is the convenience of having too many vehicles there. Until you force somebody's hand and they have no choice, it is a lot easier to direct.

Mr. Rapozo: I guess I disagree. When I was in the Police Department, 351 of the vehicle number was the worst car in the fleet, no air, no fleet and one single bubble gum light and you did not have a choice, that is the car you are going to use today. I cannot believe it is not being used because they do not want to use it. Well, they can walk. We listened to all of the promise when you came and asked for the money for these cars and we have to spend extra money to put up the chargers and relocate parking stalls and we are not using them because "they do not want." Well "they" can buy a bicycle or "they" can walk. That just frustrated me and you said in your presentation the fuel cost will not be reduce if it includes GPS tracking the fuel costs will drop. I promise you. That is just going to happen. As you go through the program, I can tell you that is going to happen. Then the other thing is similar to...with the Leafs...or the Leaves... Somebody may have tier 1 and I can understand the Mayor. I cannot imagine the Mayor's car being put in the pool, any other vehicle what makes one employee a first-tier person to any vehicle when a vehicle is a vehicle? It is a mode of transportation.

Mr. Hunt: First of all we have to look at how the vehicles were purchased because if you talk about Highway Funds that are being used someone who is employed on the General Fund side cannot use the Highway Fund vehicle because now we are crossing over the use of funds, but it is not to say another Highway Fund employee cannot use the vehicle. If we develop sub pools within the motor pool saying we are going to put in a non-specific truck that is not a specific purpose truck but just a truck that is used by Highways Division whether it is Roads or other Public Works that is feeding into that, we can have only those individuals use that truck. I could not use that truck.

Mr. Rapozo: Like if you go to the rental car and you have all the compact, economy, etc. JoAnn Yukimura needs to get a car because she has to go to a community meeting in Kōloa, just her, she is not taking anybody else...boom, take one from here. That is how I envision the motor pool. Not well, oh JoAnn, if John Doe employee is not going to use the car that day. I think if we want to do it, we want to make sure that the cars are available for the people.

Mr. Hunt: To that point, that is great, because right now you currently have a van assigned to you which is probably not the most economical means of transport. If JoAnn wanted to use the Leaf currently, go in on the OED site and log it out. We are going expand that three car mini pool into a much larger service.

Mr. Rapozo: Do not buy any more Leafs if the employees dictate what they are going to drive. Bring them on this side. I am more than happy to use the Leaf more than my gas.

Mr. Hunt: Depending on the range of the vehicles. I know there is range anxiety. We had a Leaf assigned to the Appraisers Office but they are going out to Hanalei and they are doing 100 miles of work and they are afraid they are not going to make it back.

Mr. Rapozo: That I understand, but if you have Building Inspectors or Planning Inspectors going to Hanamā'ulu, Puhi, it is not like they need a truck with a step ladder, they should be using the Leaf and if they do not want, they can walk. Councilmember Yukimura.

Ms. Yukimura: A follow-up to Councilmember Rapozo and then I want to go quickly to my question so Councilmember Hooser can leave. On the Leaf problem, I think the obstacle can be met by training. Really, people...it is not that hard, but it is uncomfortable unless you know it and use it. So people need to go when someone else who knows how to use it can drive with them or whatever. A little bit of training or orientation could really help. But I agree with Councilmember Rapozo, I mean that is a real asset if we could use it. Then on my big question you know, where is it now? On your payroll / personnel system, you said here that once the reorganization of transferring payroll function to Finance is approved you can move. You could even move now before the budget is approved. The approval of this organization right now is in the budget. I just want our staff to find out if we can approve it through a resolution or something that would allow you to move ahead? I do not think it involves any costs, right? Any extra costs?

Mr. Hunt: No, this is just a matter of moving personnel physically into that area so that they are with their co-workers. Instead of this communication breakdown. We are kind of coordinating that effort and looking at all of the necessary processes that go on, making sure that transition as they leave Accounting, that they leave Accounting whole and all of the functions are covered so there is no overlap or dropped services. We wanted to implement this as soon as possible. Ideally we said May.

Ms. Yukimura: So Yvette and Ashley, if we can look at that and find out if a Resolution or some other vehicle could give approval to this reorganization that does not have any budgetary implications prior to the budget taking effect July 1<sup>st</sup>. Then you can move ahead with this. It is so important. It is already so late. But you have a really good plan, it feels like. So I would like to facilitate it, if we can.

Mr. Rapozo: Thank you. Any more questions? Thank you very much. If not the meeting is recessed until tomorrow morning at 9:00 a.m., Police and Fire starting with Fire.

There being no objections, the Committee recessed at 4:14 p.m.